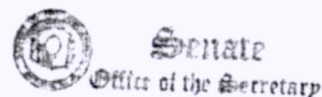


SEVENTEENTH CONGRESS OF THE }
REPUBLIC OF THE PHILIPPINES }
Third Regular Session }



'18 AUG -2 P3:36

SENATE
S.B. No. 1906

RECEIVED

Introduced by SENATOR VICENTE C. SOTTO III

AN ACT
REFORMING THE CORPORATE INCOME TAX AND INCENTIVES
AMENDING FOR THE PURPOSE SECTIONS 5, 6, 20, 22, 25, 27, 28, 34,
40, 50, 73, 112, 119, 204, 220, 222, 237, 237-A, 250, 255, 256, 257,
258, 260, 261, 262, 263, 264, 265, 266, AND 275 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED, CREATING
THEREIN NEW TITLES XII AND XIII, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

In January 2018, the government implemented Tax Reform for Acceleration and Inclusion (TRAIN) package 1, which after six months of enforcement, has gained the government the rightful budget to finance, among others, its social mitigation program for the poor, the free education program and to start the initial phase of build, build, build program of the Duterte administration. While the effectiveness of TRAIN 1 is creditable, the rising price of basic commodities, power and food, which are utilized by the majority of the population belonging to the lower strata of the society, have been wrongly blamed to the effect of TRAIN 1.

It is quite unfortunate that the targeted 3.7% inflation rate set by the Department of Finance ballooned to 5.2%. The offshoot, however, of the targeted effects of TRAIN 1 to our inflation have been caused by other external factors not related to it. These include, among others, the increase on world oil prices that jumped from \$53.7 per barrel in the start of this year to a high of \$75.16 per barrel in June 2018. The increase in US interest rates that led to peso depreciation against the US dollar from P49.74 in January to P53.05 in June 2018. There are other contributory factors that

affect the rising prices, like increase in the price of rice imports and other uncontrollable factors pushed by market forces. This untimely economic phenomenon brought about misconception that the TRAIN 1 brought to the continuing rising of prices, where in fact, the tax reform, in quantifiable term, only contributed 0.4 out of the 5.2% of the inflation rate that is hurting our citizens.

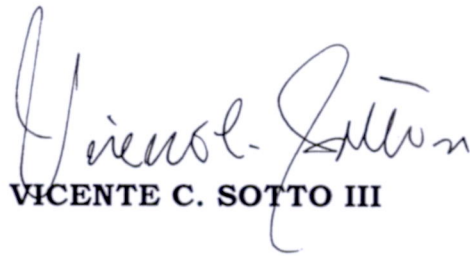
The 915,000 registered corporations have become the partner of the government to utilize them as its prime agents to collect revenues through taxes. These include indirect tax like the value added tax (VAT), personal income tax, from the millions of employees, and such other taxes being withheld by corporation owners. While the purpose of the corporate income tax (CIT) imposed provides revenue for the government, a way of redistributing wealth and a way to regulate the corporations' operations to reinforce the political relevance of CIT, it is about time that the government lowers the corporate income tax from the current 30% to 25%, while expanding the tax base by repealing 123 special laws on investment tax incentives and consolidate into a single omnibus incentives provided in this bill, and through the repeal of the National Internal Revenue Code exemptions of government-owned and controlled corporations (GOCCs), proprietary educational institutions and hospitals, regional or area headquarters (RHQs), regional operating headquarters (ROHQs), income of resident foreign corporation from foreign currency transactions, nonresident cinematographic film owner, lessor or distributor and owner or lessor of vessels, aircraft, machineries and other equipment.

Moreover, through this bill, the existing investment tax incentives shall not be removed, but it will be rationalized. For the past two (2) to three (3) decades, there are 654 firms enjoying incentives from the government. Thus, it is high time to have a tax incentives system that is performance-based, targeted, transparent and time-bound in order to ensure that the Filipino people will gain from every peso that the government gives to the firms registered in the investment promotion agencies (IPAs). Also, this

measure being proposed will simplify the tax system to avoid tax evasion, and providing higher penalties to tax violations offenders.

Considering that this is a revenue neutral tax measure, it will not have any inflationary effects but it may one way or another provide support to some 90,000 plus SMSEs to be covered by this Act.

I therefore urge my colleagues to support the urgent passage of this important measure.


VICENTE C. SOTTO III

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



'18 AUG -2 P3:36

SENATE
S. B. No. 1906

RECEIVED

Introduced by SENATOR VICENTE C. SOTTO III

AN ACT
REFORMING THE CORPORATE INCOME TAX AND
INCENTIVES AMENDING FOR THE PURPOSE SECTIONS 5, 6,
20, 22, 25, 27, 28, 34, 40, 50, 73, 112, 119, 204, 220, 222, 237, 237-A,
250, 255, 256, 257, 258, 260, 261, 262, 263, 264, 265, 266, AND 275 OF
THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED,
CREATING THEREIN NEW TITLES XII AND XIII,
AND FOR OTHER PURPOSES

*Be it enacted by the Senate and the House of Representatives of the
Philippines in Congress assembled:*

1 **SECTION 1. Title.** – This Act shall be known as the “Corporate Income
2 Tax and Incentives Reform Act.”

3 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the
4 State to develop the national economy towards global competitiveness by
5 implementing tax policies instrumental in attracting investments, which
6 will result in productivity enhancement, employment generation,
7 countrywide development, and a more inclusive economic growth, while at
8 the same time maintaining fiscal prudence and stability.

9 To achieve these objectives, the State shall:

10 (a) Enhance the progressivity of the tax system and improve the
11 equity and efficiency of the corporate tax system by lowering the

1 rate, widening the tax base, and reducing tax distortions and
2 leakages; and

3 (b) Develop a more market-responsive and globally-competitive tax
4 and investment incentives regime that is performance-based,
5 targeted, time-bound, and transparent.

6 **SEC. 3.** Section 5 of the National Internal Revenue Code of 1997, as
7 amended (NIRC) is hereby amended to insert thereafter a new section 5-A
8 to read as follows:

9 **SEC. 5-A. – POWER OF THE COMMISSIONER TO**
10 **ISSUE SUBPOENA DUCES TECUM; HOW SERVICE OF**
11 **SUBPOENA DUCES TECUM IS MADE. – PURSUANT**
12 **TO SECTION 5 OF THIS CODE, IN CASE THE**
13 **INFORMATION OR RECORDS REQUESTED ARE**
14 **NOT FURNISHED WITHIN THE PERIOD**
15 **PRESCRIBED IN THE WRITTEN NOTICE, OR WHEN**
16 **THE INFORMATION OR RECORDS SUBMITTED**
17 **ARE INCOMPLETE, THE COMMISSIONER IS**
18 **AUTHORIZED TO ISSUE A SUBPOENA DUCES**
19 **TECUM WHICH MUST SPECIFY WITH**
20 **REASONABLE DESCRIPTION THE BOOKS,**
21 **DOCUMENTS, OR THINGS REQUESTED, STATING**
22 **THEREIN THEIR RELEVANCE OR MATERIALITY**
23 **TO THE INQUIRY AND IDENTIFYING THE**
24 **TAXPAYER OR THIRD PARTY/OFFICE IN**
25 **POSSESSION, CUSTODY OR CONTROL OF THE**
26 **SAME.**

27 **THE SUBPOENA DUCES TECUM SHALL BE SERVED**
28 **BY THE REVENUE OFFICER ASSIGNED TO**
29 **INVESTIGATE THE CASE OR BY ANY OTHER**
30 **INTERNAL REVENUE OFFICER AUTHORIZED FOR**
31 **THE PURPOSE.**

32 **WHENEVER PRACTICABLE, THE SUBPOENA**
33 **DUCES TECUM SHALL BE SERVED THROUGH**
34 **PERSONAL SERVICE. IF, FOR JUSTIFIABLE**
35 **CAUSES, THE TAXPAYER CANNOT BE SERVED**
36 **WITHIN A REASONABLE TIME THROUGH**

1 **PERSONAL SERVICE, THE *SUBPOENA DUCES***
2 ***TECUM* MAY BE SERVED BY SUBSTITUTED**
3 **SERVICE IN ACCORDANCE WITH THE RULES OF**
4 **COURT.**

5 **SEC. 4.** Section 6 of the NIRC is hereby further amended to insert
6 thereafter a new section 6-A to read as follows:

7 **SEC. 6-A. *SERVICE OF LETTER OF AUTHORITY,***
8 ***ASSESSMENT NOTICES, AND OTHER REQUIRED***
9 ***NOTICES ISSUED BY THE BUREAU.* – THE LETTER**
10 **OF AUTHORITY, ASSESSMENT NOTICES, AND**
11 **OTHER REQUIRED NOTICES TO THE TAXPAYER**
12 **MAY BE SERVED BY THE COMMISSIONER OR HIS**
13 **DULY AUTHORIZED REPRESENTATIVE BY**
14 **DELIVERING PERSONALLY A COPY THEREOF TO**
15 **THE TAXPAYER'S REGISTERED ADDRESS OR**
16 **KNOWN ADDRESS, OR WHEREVER A TAXPAYER**
17 **MAY BE FOUND.**

18 **A KNOWN ADDRESS SHALL MEAN A PARTY'S**
19 **PLACE OF RESIDENCE OR A PLACE OTHER THAN**
20 **A PARTY'S REGISTERED ADDRESS WHERE**
21 **BUSINESS ACTIVITIES ARE CONDUCTED.**

22 **IN CASE PERSONAL SERVICE IS NOT**
23 **PRACTICABLE, THE LETTER OF AUTHORITY,**
24 **ASSESSMENT NOTICES, AND OTHER REQUIRED**
25 **NOTICES MAY BE SERVED BY SUBSTITUTED**
26 **SERVICE IN ACCORDANCE WITH THE RULES OF**
27 **COURT.**

28 **SEC. 5.** Section 20 of the NIRC is hereby further amended to read as
29 follows:

30 **SEC. 20. *Submission of Report and Pertinent Information by***
31 ***the Commissioner.* –**

32 **(A) xxx**

1 **(B) SUBMISSION OF TAX-RELATED INFORMATION**
2 **TO THE DEPARTMENT OF FINANCE. – THE**
3 **COMMISSIONER SHALL, UPON REQUEST OF THE**
4 **SECRETARY OF FINANCE SPECIFICALLY**
5 **IDENTIFYING THE NEEDED INFORMATION AND**
6 **JUSTIFICATION FOR SUCH REQUEST, FURNISH**
7 **THE SECRETARY PERTINENT TAX-RELATED**
8 **INFORMATION: PROVIDED, THAT WHEN SUCH**
9 **INFORMATION TENDS TO IDENTIFY, DIRECTLY**
10 **OR INDIRECTLY A PARTICULAR TAXPAYER, THE**
11 **SECRETARY AND THE RELEVANT OFFICERS**
12 **HANDLING THE INFORMATION SHALL BE**
13 **COVERED BY THE PROVISIONS OF SECTION 270**
14 **OF THIS CODE UNLESS THE TAXPAYER**
15 **CONSENTS IN WRITING TO SUCH DISCLOSURE.**

16 **[(B)] (C) Report to Oversight Committee. – xxx**

17 **SEC. 6.** Section 22 of the NIRC is hereby amended to read as follows:

18 SEC. 22. Definitions. – When used in this Title:

19 xxx

20 **(II) THE TERM ‘CAPITAL EQUIPMENT’ REFERS**
21 **TO MACHINERY, EQUIPMENT, MAJOR**
22 **COMPONENTS THEREOF, FITTINGS AND**
23 **ACCOMPANIMENTS, WHICH ARE DIRECTLY AND**
24 **REASONABLY NEEDED IN THE REGISTERED**
25 **ACTIVITY OF THE REGISTERED ENTERPRISE.**

26 **(JJ) THE TERM ‘EXPORT ENTERPRISE’ SHALL**
27 **MEAN A REGISTERED ENTERPRISE THAT IS A**
28 **MANUFACTURER, PROCESSOR, OR SERVICE**
29 **PROVIDER AND WHOSE EXPORT SALE OF ITS**
30 **PRODUCTS OR SERVICES IS AT LEAST NINETY**
31 **PERCENT (90%) OF ITS TOTAL ANNUAL**
32 **PRODUCTION OF THE PRECEDING TAXABLE**
33 **YEAR.**

1 (KK) THE TERM '*DOMESTIC ENTERPRISE*' SHALL
2 MEAN A REGISTERED ENTERPRISE THAT
3 PRODUCES GOODS FOR SALE OR RENDERS
4 SERVICES EXCLUSIVELY TO THE DOMESTIC
5 MARKET OR DOES NOT MEET THE MINIMUM
6 EXPORT REQUIREMENT OF AN EXPORT
7 ENTERPRISE.

8 (LL) THE TERM '*EXPORT SALES OF GOODS*'
9 SHALL MEAN THE SALES OF AN EXPORT
10 ENTERPRISE PAID FOR IN FREELY CONVERTIBLE
11 FOREIGN CURRENCY INWARDLY REMITTED TO
12 THE PHILIPPINES FROM THE FOLLOWING:

13 (1) THE SALE AND ACTUAL SHIPMENT OF
14 GOODS FROM THE PHILIPPINES TO A
15 FOREIGN COUNTRY BY AN EXPORT
16 ENTERPRISE;

17 (2) SALES TO DIPLOMATIC MISSIONS AND
18 INSTITUTIONS COVERED BY
19 INTERNATIONAL TREATY;

20 (3) SALES OF AN EXPORT ENTERPRISE TO
21 INTERNATIONAL SEA OR AIR TRANSPORT
22 OPERATIONS OF GOODS, EQUIPMENT,
23 SPARE PARTS, AND SUPPLIES, EXCEPT FUEL,
24 FORMING PART OF DIRECT COSTS AND TO
25 BE USED IN THE AIRCRAFT OR SEACRAFT,
26 AND CAPITAL EQUIPMENT NEEDED FOR
27 SHIPPING OR AIR TRANSPORT OPERATIONS;

28 (MM)THE TERM '*EXPORT SALES OF SERVICES*'
29 SHALL MEAN THE SALES OF AN EXPORT
30 ENTERPRISE, PAID FOR IN FREELY CONVERTIBLE
31 FOREIGN CURRENCY INWARDLY REMITTED TO
32 THE PHILIPPINES FOR THE FOLLOWING:

33 (1) SERVICES RENDERED TO NON-
34 RESIDENT FOREIGN CLIENTS BY EXPORT
35 ENTERPRISES;

1 (2) SERVICES RENDERED TO DIPLOMATIC
2 MISSIONS AND INSTITUTIONS COVERED BY
3 INTERNATIONAL TREATY;

4 (3) SERVICES FOR THE OVERHAUL,
5 REPAIR, AND MAINTENANCE OF
6 INTERNATIONAL SHIPPING, OR AIR
7 TRANSPORT OPERATIONS.

8 (NN) THE TERM '*INVESTMENT PROMOTION*
9 *AGENCIES*' (*IPAS*) SHALL HAVE THE SAME
10 MEANING AS THAT UNDER REPUBLIC ACT NO.
11 10708, OR THE TAX INCENTIVES MANAGEMENT
12 AND TRANSPARENCY ACT (TIMTA).

13 (OO) THE TERM '*REGISTERED ENTERPRISE*'
14 SHALL MEAN ANY INDIVIDUAL, PARTNERSHIP,
15 CORPORATION, PHILIPPINE BRANCH OF A
16 FOREIGN CORPORATION, OR OTHER ENTITY
17 ORGANIZED AND EXISTING UNDER PHILIPPINE
18 LAWS AND REGISTERED WITH AN IPA. *PROVIDED,*
19 *HOWEVER,* THAT THE TERM "REGISTERED
20 ENTERPRISE" SHALL NOT INCLUDE ANY OF THE
21 FOLLOWING SERVICE ENTERPRISES SUCH AS,
22 BUT NOT LIMITED TO, THOSE ENGAGED IN
23 CUSTOMS BROKERAGE, TRUCKING OR
24 FORWARDING SERVICES, JANITORIAL SERVICES,
25 SECURITY SERVICES, INSURANCE, BANKING, AND
26 OTHER FINANCIAL SERVICES, CONSUMERS'
27 COOPERATIVES, CREDIT UNIONS, CONSULTANCY
28 SERVICES, RETAIL BUSINESS, RESTAURANTS, OR
29 SUCH OTHER SIMILAR SERVICES, AS MAY BE
30 DETERMINED BY THE IPA BOARD, IRRESPECTIVE
31 OF LOCATION, WHETHER INSIDE OR OUTSIDE
32 THE ZONES, DULY ACCREDITED AND/OR
33 LICENSED BY ANY OF THE IPAS AND WHOSE
34 INCOME DELIVERED WITHIN THE ECONOMIC
35 ZONES SHALL BE SUBJECT TO TAXES UNDER THE
36 NATIONAL INTERNAL REVENUE CODE OF 1997, AS
37 AMENDED.

1 (PP) THE TERM '*SPECIAL ECONOMIC ZONE*' OR
2 '*ECOZONE*' SHALL REFER TO A SELECTED AREA
3 THAT IS HIGHLY DEVELOPED, OR WHICH HAS
4 THE POTENTIAL TO BE DEVELOPED INTO AGRO-
5 INDUSTRIAL, INDUSTRIAL, INFORMATION
6 TECHNOLOGY, TOURIST/RECREATIONAL, WHOSE
7 METES AND BOUNDS ARE FIXED OR DELIMITED
8 BY PRESIDENTIAL PROCLAMATION AND WITHIN
9 A SPECIFIC GEOGRAPHICAL AREA. AN ECOZONE
10 MAY CONTAIN ANY OR ALL OF THE FOLLOWING:
11 INDUSTRIAL ESTATES (IES), EXPORT PROCESSING
12 ZONES (EPZS), ICT PARKS AND CENTERS, AND
13 FREE TRADE ZONES: *PROVIDED*, THAT AREAS
14 WHERE MINING EXTRACTIONS ARE
15 UNDERTAKEN SHALL NOT BE DECLARED AS
16 ECOZONES: *PROVIDED FURTHER*, THAT THE
17 ECOZONES SHOULD COMPLY WITH THE
18 MINIMUM CONTIGUOUS LAND AREA TO BE
19 DETERMINED BY THE FISCAL INCENTIVES
20 REVIEW BOARD (FIRB).

21 (QQ) THE TERM '*FREEPORT ZONE*' REFERS TO
22 AN ISOLATED AND POLICED AREA ADJACENT TO
23 A PORT OF ENTRY, WHICH SHALL BE OPERATED
24 AND MANAGED AS A SEPARATE CUSTOMS
25 TERRITORY TO ENSURE FREE FLOW OR
26 MOVEMENT OF GOODS, EXCEPT THOSE
27 EXPRESSLY PROHIBITED BY LAW, WITHIN, INTO,
28 AND EXPORTED OUT OF THE FREEPORT ZONE
29 WHERE IMPORTED GOODS MAY BE UNLOADED
30 FOR IMMEDIATE TRANSSHIPMENT OR STORED,
31 REPACKED, SORTED, MIXED, OR OTHERWISE
32 MANIPULATED WITHOUT BEING SUBJECT TO
33 IMPORT DUTIES. HOWEVER, MOVEMENT OF
34 THESE IMPORTED GOODS FROM THE FREE-
35 TRADE AREA TO A NON-FREE TRADE AREA IN
36 THE COUNTRY SHALL BE SUBJECT TO ALL
37 APPLICABLE INTERNAL REVENUE TAXES AND
38 DUTIES.

1 (RR) THE TERM '*TAX EXPENDITURES*' REFER TO
2 PROVISIONS OF LAW THAT GRANT RELIEF IN
3 THE FORM OF TAX SUBSIDIES OR TAX
4 INCENTIVES THAT REDUCE TAX REVENUES. FOR
5 PURPOSES OF LOWERING THE CORPORATE
6 INCOME TAX RATE, THE ESTIMATES OF TAX
7 EXPENDITURES SHALL INCLUDE ALL TAX
8 SUBSIDIES OR TAX INCENTIVES AVAILED OF BY
9 BUSINESS TAXPAYERS IN A PARTICULAR YEAR,
10 EXCEPT VAT, AS REPORTED BY THE DOF.

11 SEC. 7. Section 25 of the NIRC is amended to read as follows:

12 SEC. 25. *Tax on Nonresident Alien Individual.* –

13 (A) *Nonresident Alien Engaged in trade or Business Within*
14 *the Philippines.* –

15 XXX

16 (B) *Nonresident Alien Not Engaged in Trade or Business*
17 *Within the Philippines.* –

18 XXX

19 [(C) *Alien Individual Employed by Regional or Area*
20 *Headquarters and Regional Operating Headquarters of*
21 *Multinational Companies.*- There shall be levied, collected
22 and paid for each taxable year upon the gross income received
23 by every alien individual employed by regional or area
24 headquarters and regional operating headquarters established
25 in the Philippines by multinational companies as salaries,
26 wages, annuities, compensation, remuneration and other
27 emoluments, such as honoraria and allowances, from such
28 regional or area headquarters and regional operating
29 headquarters, a tax equal to fifteen percent (15%) of such
30 gross income: Provided, however, That the same tax treatment
31 shall apply to Filipinos employed and occupying the same
32 position as those of aliens employed by these multinational
33 companies. For purposes of this Chapter, the term
34 'multinational company' means a foreign firm or entity

1 engaged in international trade with affiliates or subsidiaries or
2 branch offices in the Asia-Pacific Region and other foreign
3 markets.]

4 [(D) *Alien Individual Employed by Offshore Banking Units.* -
5 There shall be levied, collected and paid for each taxable year
6 upon the gross income received by every alien individual
7 employed by offshore banking units established in the
8 Philippines as salaries, wages, annuities, compensation,
9 remuneration and other emoluments, such as honoraria and
10 allowances, from such off-shore banking units, a tax equal to
11 fifteen percent (15%) of such gross income: Provided,
12 however, That the same tax treatment shall apply to Filipinos
13 employed and occupying the same positions as those of aliens
14 employed by these offshore banking units.]

15 [(E) *Alien Individual Employed by Petroleum Service*
16 *Contractor and Subcontractor.* - An Alien individual who is
17 a permanent resident of a foreign country but who is
18 employed and assigned in the Philippines by a foreign service
19 contractor or by a foreign service subcontractor engaged in
20 petroleum operations in the Philippines shall be liable to a tax
21 of fifteen percent (15%) of the salaries, wages, annuities,
22 compensation, remuneration and other emoluments, such as
23 honoraria and allowances, received from such contractor or
24 subcontractor: Provided, however, That the same tax
25 treatment shall apply to a Filipino employed and occupying
26 the same position as an alien employed by petroleum service
27 contractor and subcontractor.]

28 [Any income earned from all other sources within the
29 Philippines by the alien employees referred to under
30 Subsections (C), (D) and (E) hereof shall be subject to the
31 pertinent income tax, as the case may be, imposed under this
32 Code.]

33 **SEC. 8.** Section 27 of the NIRC is hereby amended to read:

34 *SEC. 27. Rates of Income Tax on Domestic Corporations.* -

1 (A) *In General.* – Except as otherwise provided in this
2 Code, an income tax of [thirty-five percent (35%)] **TWENTY**
3 **FIVE PERCENT (25%)** is hereby imposed upon the taxable
4 income derived during each taxable year from all sources
5 within and without the Philippines by every corporation, as
6 defined in section 22(B) of this Code and taxable under this
7 Title as a corporation, organized in, or existing under the laws
8 of the Philippines: [*Provided*, That effective January 1, 2009,
9 the rate of income tax shall be thirty percent (30%).]

10 [*Provided, further*, That the President, upon the
11 recommendation of the Secretary of Finance, may effective
12 January 1, 2000, allow corporations the option to be taxed at
13 fifteen percent (15%) of gross income as defined herein, after
14 the following conditions have been satisfied:]

15 [(1) A tax effort ratio of twenty percent (20%) of Gross
16 National Product (GNP);]

17 [(2) A ratio of forty percent (40%) of income tax collection to
18 total tax revenues;]

19 [(3) A VAT tax effort of four percent (4%) of GNP; and]

20 [(4) A 0.9 percent (0.9%) ratio of the Consolidated Public
21 Sector Financial Position (CPSFP) to GNP.]

22 [The option to be taxed based on gross income shall be
23 available only to firms whose ratio of cost of sales to gross
24 sales or receipts from all sources does not exceed fifty-five
25 percent (55%).]

26 [The election of the gross income tax option by the
27 corporation shall be irrevocable for three (3) consecutive
28 taxable years during which the corporation is qualified under
29 the scheme.]

30 [For purposes of this Section, the term '*gross income*' derived
31 from business shall be equivalent to gross sales less sales
32 returns, discounts and allowances and cost of goods sold.
33 '*Cost of goods sold*' shall include all business expenses
34 directly incurred to produce the merchandise to bring them to
35 their present location and use.]

1 [For a trading or merchandising concern, '*cost of goods sold*'
2 shall include the invoice cost of the goods sold, plus import
3 duties, freight in transporting the goods to the place where the
4 goods are actually sold, including insurance while the goods
5 are in transit.]

6 [For a manufacturing concern, 'cost of goods manufactured
7 and sold' shall include all costs of production of finished
8 goods, such as raw materials used, direct labor and
9 manufacturing overhead, freight cost, insurance premiums
10 and other costs incurred to bring the raw materials to the
11 factory or warehouse.]

12 [In the case of taxpayers engaged in the sale of service, '*gross*
13 *income*' means gross receipts less sales returns, allowances
14 and discounts.]

15 [(B) *Proprietary Educational Institutions and Hospitals.* –
16 Proprietary educational institutions and hospitals which are
17 nonprofit shall pay a tax of ten percent (10%) on their taxable
18 income except those covered by Subsection (D) hereof:
19 *Provided*, That if the gross income from unrelated trade,
20 business or other activity exceeds fifty percent (50%) of the
21 total gross income derived by such educational institutions or
22 hospitals from all sources, the tax prescribed in Subsection
23 (A) hereof shall be imposed on the entire taxable income. For
24 purposes of this Subsection, the term 'unrelated trade,
25 business or other activity' means any trade, business or other
26 activity, the conduct of which is not substantially related to
27 the exercise or performance by such educational institution or
28 hospital of its primary purpose or function. A '*proprietary*
29 *educational institution*' is any private school maintained and
30 administered by private individuals or groups with an issued
31 permit to operate from the Department of Education, Culture
32 and Sports (DECS), or the Commission on Higher Education
33 (CHED), or the Technical Education and Skills Development
34 Authority (TESDA), as the case may be, in accordance with
35 existing laws and regulations.]

36 [(C)] (B) *Government-owned or –Controlled Corporations,*
37 *Agencies or Instrumentalities.* – The provisions of existing
38 special or general laws to the contrary notwithstanding, all

1 corporations, agencies, or instrumentalities owned or
2 controlled by the Government, except the Government
3 Service Insurance System (GSIS), the Social Security System
4 (SSS), **AND** the Philippine Health Insurance Corporation
5 (PHIC), [and the local water districts] shall pay such rate of
6 tax upon their taxable income as are imposed by this Section
7 upon corporations or associations engaged in a similar
8 business, industry, or activity.

9 [(D)] (C) xxx

10 [(E)] (D) xxx

11 xxx

12 **SEC. 9.** Section 28 of the NIRC is hereby amended to read:

13 SEC. 28. *Rates of Income Tax on Foreign Corporations.* –

14 (A) *Tax on Resident Foreign Corporations.* –

15 (1) *In General.* – Except as otherwise provided in this Code, a
16 corporation organized, authorized, or existing under the laws of
17 any foreign country, engaged in trade or business within the
18 Philippines, shall be subject to an income tax equivalent to
19 [thirty-five percent (35%)] **TWENTY FIVE PERCENT**
20 **(25%)** of the taxable income derived in the preceding taxable
21 year from all sources within the Philippines: [Provided, That
22 effective January 1, 2009, the rate of income tax shall be thirty
23 percent (30%).]

24 xxx

25 [Provided, however, That a resident foreign corporation shall
26 be granted the option to be taxed at fifteen percent (15%) on
27 gross income under the same conditions, as provided in
28 Section 27 (A).]

29 (2) *Minimum Corporate Income Tax on Resident Foreign*
30 *Corporations.* – xxx

1 (3) *International Carrier.* – xxx

2 (4) *Offshore Banking Units.* – xxx.

3 (5) *Tax on Branch Profits Remittances.* – Any profit
4 remitted by a branch to its head office shall be subject to a tax
5 of fifteen percent (15%) which shall be based on the total
6 profits applied or earmarked for remittance without any
7 deduction for the tax component thereof [(except those
8 activities which are registered with the Philippine Economic
9 Zone Authority)]. xxx

10 [(6) *Regional or Area Headquarters and Regional*
11 *Operating Headquarters of Multinational Companies.* –

12 (a) Regional or area headquarters as defined in Section 22
13 (DD) shall not be subject to income tax.

14 (b) Regional operating headquarters as defined in Section
15 22 (EE) shall pay a tax of ten percent (10%) of their table
16 income.]

17 [(7)] (6) *Tax on Certain Incomes Received by a Resident*
18 *Foreign Corporation.* –

19 (a) *Interest from Deposits and Yield or any other Monetary*
20 *Benefit from Deposit Substitutes, Trust Funds and Similar*
21 *Arrangements and Royalties.* – Interest from any currency
22 bank deposit and yield or any other monetary benefit from
23 deposit substitutes and from trust funds and similar
24 arrangements and royalties derived from sources within the
25 Philippines shall be subject to a final income tax at the rate of
26 twenty percent (20%) of such interest: Provided, however,
27 That interest income derived by a resident foreign corporation
28 from a depository bank under the expanded foreign currency
29 deposit system shall be subject to a final income tax at the rate
30 of [seven and one-half percent (7 1/2%)] **FIFTEEN**
31 **PERCENT (15%)** of such interest income.

32 (b) *Income Derived under the Expanded Foreign Currency*
33 *Deposit System.* – xxx

1 (c) *Capital Gains from Sale of Shares of Stock Not Traded*
2 *in the Stock Exchange.* – A final tax at the rate[s prescribed
3 below] **OF FIFTEEN PERCENT (15%)** is hereby imposed
4 upon the net capital gains realized during the taxable year
5 from the sale, barter, exchange or other disposition of shares
6 of stock in a domestic corporation xcept shares sold or
7 disposed of through the stock exchange[:].

8	[Not over	P100,000	5%
9	On any amount in excess of P100,000		10%]

10 (d) *Intercorporate Dividends.* – xxx

11 (B) *Tax on Nonresident Foreign Corporation.* –

12 (1) *In General.* – Except as otherwise provided in this
13 Code, a foreign corporation not engaged in trade or business
14 in the Philippines shall pay a tax equal to [thirty-five percent
15 (35%)] **TWENTY FIVE PERCENT (25%)** of the gross
16 income received during each taxable year from all sources
17 within the Philippines, such as interests, dividends, rents,
18 royalties, salaries, premiums (except reinsurance premiums),
19 annuities, emoluments or other fixed or determinable annual,
20 periodic or casual gains, profits and income, and capital gains,
21 except capital gains subject to tax under subparagraph 5 (c):
22 [Provided, That effective January 1, 2009, the rate of income
23 tax shall be thirty percent (30%).]

24 [(2) *Nonresident Cinematographic Film Owner, Lessor or*
25 *Distributor.* - A cinematographic film owner, lessor, or
26 distributor shall pay a tax of twenty-five percent (25%) of its
27 gross income from all sources within the Philippines.]

28 [(3) *Nonresident Owner or Lessor of Vessels Chartered by*
29 *Philippine Nationals.*– A nonresident owner or lessor of
30 vessels shall be subject to a tax of four and one-half percent (4
31 1/2%) of gross rentals, lease or charter fees from leases or
32 charters to Filipino citizens or corporations, as approved by
33 the Maritime Industry Authority.]

1 [(4) *Nonresident Owner or Lessor of Aircraft, Machineries*
2 *and Other Equipment.* - Rentals, charters and other fees
3 derived by a nonresident lessor of aircraft, machineries and
4 other equipment shall be subject to a tax of seven and one-
5 half percent (7 1/2%) of gross rentals or fees.]

6 [(5)] (2) *Tax on Certain Incomes Received by a Nonresident*
7 *Foreign Corporation.* -

8 (a) *Interest on Foreign Loans.* - xxx

9 (b) *Intercorporate Dividends.* - A final withholding tax at
10 the rate of fifteen percent (15%) is hereby imposed on the
11 amount of cash and/or property dividends received from a
12 domestic corporation, which shall be collected and paid as
13 provided in Section 57 (A) of this Code, subject to the
14 condition that the country in which the nonresident foreign
15 corporation is domiciled, shall allow a credit against the tax
16 due from the nonresident foreign corporation taxes deemed to
17 have been paid in the Philippines equivalent to [twenty
18 percent (20%),] **TEN PERCENT (10%)**, which represents
19 the difference between the regular income tax of [thirty-five
20 percent (35%)] **TWENTY FIVE PERCENT (25%)** and the
21 fifteen percent (15%) tax on dividends as provided in this
22 subparagraph; *Provided*, That effective [January 1, 2009]
23 **JANUARY 1, 2019**, the credit against the tax due shall be
24 equivalent to [fifteen percent (15%)] **TEN PERCENT**
25 **(10%)**, which represents the difference between the regular
26 income tax of [thirty percent (30%)] **TWENTY FIVE**
27 **PERCENT (25%)** and the fifteen percent (15%) tax on
28 dividends;

29 (c) *Capital Gains from Sale of Shares of Stock not Traded*
30 *in the Stock Exchange.* - A final tax at the rate[s prescribed
31 below] **OF FIFTEEN PERCENT (15%)** is hereby imposed
32 upon the net capital gains realized during the taxable year
33 from the sale, barter, exchange or other disposition of shares
34 of stock in a domestic corporation, except shares sold, or
35 disposed of through the stock exchange[:].

36 [Not over P100,000

5%

1 On any amount in excess of P100,000 10%]

2 **SEC. 10.** Section 34 of the NIRC is hereby amended to read:

3 SEC. 34. *Deductions from Gross Income.* – xxx

4 (A) *Expenses.* –

5 (1) *Ordinary and Necessary Trade, Business or Professional*
6 *Expenses.* - xxx

7 [(2) *Expenses Allowable to Private Educational Institutions.* -

8 In addition to the expenses allowable as deductions under this
9 Chapter, a private educational institution, referred to under
10 Section 27 (B) of this Code, may at its option elect either: (a)
11 to deduct expenditures otherwise considered as capital outlays
12 of depreciable assets incurred during the taxable year for the
13 expansion of school facilities or (b) to deduct allowance for
14 depreciation thereof under Subsection (F) hereof.]

15 (B) *Interest.* –

16 (1) *In General.* - The amount of interest paid or incurred
17 within a taxable year on indebtedness in connection with the
18 taxpayer's profession, trade or business shall be allowed as
19 deduction from gross income: *Provided, however,* That the
20 taxpayer's otherwise allowable deduction for interest expense
21 shall be reduced by [forty-two percent (42%)] **THIRTY**
22 **THREE PERCENT (33%)** of the interest income subjected
23 to final tax: [*Provided,* That effective January 1, 2009, the
24 percentage shall be thirty-three percent (33%).] **PROVIDED**
25 **FINALLY, THAT THE FOLLOWING PERCENTAGES**
26 **SHALL APPLY IF THE CORPORATE INCOME TAX**
27 **RATE AS PROVIDED IN SECTIONS 27 (A) AND**
28 **28(A)(1) IS ADJUSTED AS FOLLOWS:**

29 **IF THE RATE IS 29%, INTEREST EXPENSE**
30 **REDUCTION RATE IS 31%;**

31 **IF THE RATE IS 28%, INTEREST EXPENSE**
32 **REDUCTION RATE IS 28%;**

33 **IF THE RATE IS 27%, INTEREST EXPENSE**
34 **REDUCTION RATE IS 25%;**

1 IF THE RATE IS 26%, INTEREST EXPENSE
2 REDUCTION RATE IS 23%;

3 IF THE RATE IS 25%, INTEREST EXPENSE
4 REDUCTION RATE IS 20%.

5 XXX

6 (L) *Optional Standard Deduction (OSD)*. - In lieu of the
7 deductions allowed under the preceding Subsections, an
8 individual subject to tax under Section 24, other than a
9 nonresident alien, [may elect a standard deduction in an
10 amount not exceeding forty percent (40%) of his gross sales
11 or gross receipts, as the case maybe. In the case of a] **AND A**
12 corporation subject to tax under Sections 27(A) and 28 (A)(1),
13 [it] may elect a standard deduction in an amount not
14 exceeding **TWENTY PERCENT (20%)** [forty percent
15 (40%)] of its gross income as defined in Section 32 of this
16 Code. Unless the taxpayer signifies in his return his intention
17 to elect the optional standard deduction, he shall be
18 considered as having availed himself of the deductions
19 allowed in the preceding Subsections. Such election when
20 made in the return shall be irrevocable for the taxable year for
21 which the return is made: *Provided*, That an individual who is
22 entitled to and claimed for the optional standard deduction
23 shall not be required to submit with his tax return such
24 financial statements otherwise required under this Code:
25 *Provided, further*, That except when the Commissioner
26 otherwise permits, the said individual shall keep such records
27 pertaining to his gross sales or gross receipts, or the said
28 corporation shall keep such records pertaining to his gross
29 income as defined in Section 32 of this Code during the
30 taxable year, as may be required by the rules and regulations
31 promulgated by the Secretary of Finance, upon,
32 recommendation of the Commissioner.

33 XXX

1 **SEC. 11.** Section 40(C)(2) of the NIRC is hereby amended
2 to read:

3 SEC. 40. *Determination of Amount and Recognition of Gain*
4 *or Loss.* –

5 xxx

6 (C) *Exchange of Property.* –

7 (1) *General Rule.* – xxx

8 (2) *Exception.* – No gain or loss shall be recognized [if]
9 **TO A CORPORATION OR ON ITS STOCK OR**
10 **SECURITIES IF SUCH CORPORATION IS A PARTY**
11 **TO A REORGANIZATION AND EXCHANGES OF**
12 **PROPERTY** in pursuance of a plan of [merger or
13 consolidation] **REORGANIZATION SOLELY FOR**
14 **STOCK OR SECURITIES IN ANOTHER**
15 **CORPORATION THAT IS A PARTY TO THE**
16 **REORGANIZATION.**

17 **A REORGANIZATION IS DEFINED AS:**

18 [(a) A corporation, which is a party to a merger or
19 consolidation, exchanges property solely for stock in a
20 corporation, which is a party to the merger or consolidation;
21 or]

22 [(b) A shareholder exchanges stock in a corporation, which is
23 a party to the merger or consolidation, solely for the stock of
24 another corporation also a party to the merger or
25 consolidation; or]

26 [(c) A security holder of a corporation, which is a party
27 to the merger or consolidation, exchanges his securities in
28 such corporation, solely for stock or securities in such
29 corporation, a party to the merger or consolidation.]

30 **(A) A STATUTORY MERGER OR**
31 **CONSOLIDATION;**

1 (B) THE ACQUISITION BY ONE CORPORATION,
2 IN EXCHANGE SOLELY FOR ALL OR A PART OF
3 ITS VOTING STOCK (OR IN EXCHANGE SOLELY
4 FOR ALL OR A PART OF THE VOTING STOCK OF A
5 CORPORATION WHICH IS IN CONTROL OF THE
6 ACQUIRING CORPORATION), OF STOCK OF
7 ANOTHER CORPORATION IF, IMMEDIATELY
8 AFTER THE ACQUISITION, THE ACQUIRING
9 CORPORATION HAS CONTROL OF SUCH OTHER
10 CORPORATION (WHETHER OR NOT SUCH
11 ACQUIRING CORPORATION HAD CONTROL
12 IMMEDIATELY BEFORE THE ACQUISITION);

13 (C) THE ACQUISITION BY ONE CORPORATION,
14 IN EXCHANGE SOLELY FOR ALL OR A PART OF
15 ITS VOTING STOCK (OR IN EXCHANGE SOLELY
16 FOR ALL OR A PART OF THE VOTING STOCK OF A
17 CORPORATION WHICH IS IN CONTROL OF THE
18 ACQUIRING CORPORATION), OR SUBSTANTIALLY
19 ALL OF THE PROPERTIES OF ANOTHER
20 CORPORATION, BUT IN DETERMINING WHETHER
21 THE EXCHANGE IS SOLELY FOR STOCK THE
22 ASSUMPTION BY THE ACQUIRING CORPORATION
23 OF A LIABILITY OF THE OTHER SHALL BE
24 DISREGARDED;

25 (D) A RECAPITALIZATION; OR

26 (E) A REINCORPORATION.

27 No gain or loss shall also be recognized if property is
28 transferred to a corporation by [a] **ONE OR MORE** personS
29 in exchange for stock [or unit of participation] in such a
30 corporation [of which as a result of such exchange said
31 person, alone or together with others, not exceeding four (4)
32 persons, gains control of said corporation]: *Provided*, that
33 stocks issued for services shall not be considered as issued in
34 return for property.

35 IN ALL OF THE ABOVE INSTANCES, THE
36 TRANSACTION OR ARRANGEMENT MUST BE
37 UNDERTAKEN FOR A LEGITIMATE OR *BONA FIDE*

1 BUSINESS PURPOSE AND NOT SOLELY FOR THE
2 PURPOSE OF AVOIDING OR ESCAPING THE
3 BURDEN OF TAXATION. IN CASES WHERE THE
4 TRANSACTION OR ARRANGEMENT ENTERED
5 INTO IS FOUND TO BE NOT FOR LEGITIMATE OR
6 *BONA FIDE* BUSINESS PURPOSE, THE PROVISION
7 OF SECTION 50 OF THIS CODE SHALL BE APPLIED
8 AND ENFORCED.

9 *PROVIDED, HOWEVER, THAT SALE OR*
10 *EXCHANGES OF PROPERTY USED FOR BUSINESS*
11 *FOR SHARES OF STOCK COVERED UNDER THIS*
12 *SUBSECTION SHALL NOT BE SUBJECT TO VALUE*
13 *ADDED TAX (VAT).*

14 **SEC. 12.** Section 50 of the NIRC is hereby repealed and replaced by a
15 new Section to read as follows:

16 [*SEC. 50. Allocation of Income and Deductions.* In the case of
17 two or more organizations, trades or businesses (whether or
18 not incorporated and whether or not organized in the
19 Philippines) owned or controlled directly or indirectly by the
20 same interests, the Commissioner is authorized to distribute,
21 apportion or allocate gross income or deductions between or
22 among such organization, trade or business, if he determined
23 that such distribution, apportionment or allocation is
24 necessary in order to prevent evasion of taxes or clearly to
25 reflect the income of any such organization, trade or
26 business.]

27 **SEC. 50. AUTHORITY OF THE COMMISSIONER TO**
28 **DISTRIBUTE, APPORTION, ALLOCATE, AND IMPUTE**
29 **INCOME AND DEDUCTIONS TO DISREGARD AND**
30 **COUNTERACT TAX AVOIDANCE ARRANGEMENTS. –**
31 **IN CASE OF TWO OR MORE ORGANIZATIONS,**
32 **TRADES OR BUSINESSES (WHETHER OR NOT**
33 **INCORPORATED AND WHETHER OR NOT**
34 **ORGANIZED IN THE PHILIPPINES) OWNED OR**
35 **CONTROLLED DIRECTLY OR INDIRECTLY BY**
36 **THE SAME INTERESTS, THE COMMISSIONER IS**
37 **AUTHORIZED TO DISTRIBUTE, APPORTION,**

1 ALLOCATE, OR IMPUTE INCOME OR DEDUCTIONS
2 BETWEEN OR AMONG SUCH ORGANIZATION,
3 TRADE OR BUSINESS, IF THE COMMISSIONER
4 DETERMINES THAT SUCH DISTRIBUTION,
5 APPORTIONMENT, ALLOCATION, OR
6 IMPUTATION IS NECESSARY IN ORDER TO
7 PREVENT EVASION OF TAXES OR TO CLEARLY
8 REFLECT THE INCOME OF ANY SUCH
9 ORGANIZATION, TRADE, OR BUSINESS.

10 IN CASES WHEN A TRANSACTION OR
11 ARRANGEMENT, WHETHER ENTERED INTO BY
12 THE PERSON AFFECTED BY THE TRANSACTION
13 OR ARRANGEMENT OR BY ANOTHER PERSON,
14 THAT DIRECTLY OR INDIRECTLY HAS TAX
15 AVOIDANCE AS ITS PURPOSES OR EFFECTS,
16 WHETHER OR NOT ANY OTHER PURPOSE OR
17 EFFECT IS ATTRIBUTABLE AS TO ORDINARY
18 BUSINESS OR FAMILY DEALINGS, IF THE TAX
19 AVOIDANCE PURPOSE OR EFFECT IS NOT
20 MERELY INCIDENTAL, THE COMMISSIONER IS
21 AUTHORIZED TO DISREGARD AND CONSIDER
22 SUCH TRANSACTION OR ARRANGEMENT AS VOID
23 FOR INCOME TAX PURPOSES, AND MAY ADJUST
24 THE TAXABLE INCOME OF A PERSON AFFECTED
25 BY THE ARRANGEMENT IN A WAY THE
26 COMMISSIONER THINKS APPROPRIATE, IN
27 ORDER TO COUNTERACT A TAX ADVANTAGE
28 OBTAINED BY THE PERSON FROM OR UNDER THE
29 ARRANGEMENT.

30 FOR PURPOSES OF THIS SECTION, THE TERM
31 "TAX AVOIDANCE" INCLUDES:

32 (A) DIRECTLY OR INDIRECTLY ALTERING THE
33 INCIDENCE OF ANY INCOME TAX;

34 (B) DIRECTLY OR INDIRECTLY RELIEVING A
35 PERSON FROM LIABILITY TO PAY INCOME TAX
36 OR FROM A POTENTIAL OR PROSPECTIVE
37 LIABILITY TO FUTURE INCOME TAX;

1 (C) DIRECTLY OR INDIRECTLY AVOIDING,
2 POSTPONING, OR REDUCING ANY LIABILITY TO
3 INCOME TAX, OR ANY POTENTIAL OR
4 PROSPECTIVE LIABILITY TO FUTURE INCOME
5 TAX.

6 THERE IS 'TAX AVOIDANCE' IN THE
7 AFOREMENTIONED INSTANCES, WHERE THE
8 TRANSACTION OR ARRANGEMENT IS
9 MOTIVATED BY OBTAINING TAX BENEFIT OR
10 ADVANTAGE WITH NO COMMERCIAL REALITY
11 OR ECONOMIC EFFECT AND THE USE OF THE
12 PROVISIONS OF THE TAXATION LAW ON SUCH
13 TRANSACTION OR ARRANGEMENT WOULD NOT
14 HAVE BEEN THE INTENTION OF THE LAW.

15 **SEC. 13.** Section 73 of the NIRC is hereby amended to read as follows:

16 SEC. 73. *Distribution of Dividends or Assets by*
17 *Corporations.* -

18 (A) *Definition of Dividends.* - xxx

19 [Where a corporation distributes all of its assets in complete
20 liquidation or dissolution, the gain realized or loss sustained
21 by the stockholder, whether individual or corporate, is a
22 taxable income or a deductible loss, as the case may be.]

23 (B) *Stock Dividend.* - xxx

24 (C) **LIQUIDATING DIVIDENDS.** - LIQUIDATING
25 DIVIDENDS REPRESENTING THE REMAINING
26 GAINS REALIZED OR LOSS SUSTAINED BY THE
27 STOCKHOLDER IN A COMPLETE LIQUIDATION
28 OR DISSOLUTION BY A CORPORATION.

29 [(C)] (D) *Dividends Distributed are Deemed Made from*
30 *Most Recently Accumulated Profits.* - xxx

1 [(D)] (E) *Net Income of a Partnership Deemed Constructively*
2 *Received by Partners.* – xxx

3 **SEC. 14.** Section 112 (A)(B) of the NIRC is hereby amended to read:

4 SEC. 112. *Refunds or Tax Credits of Input Tax.* –

5 (A) *Zero-rated or Effectively Zero-rated Sales.* – Any VAT-
6 registered person, whose sales are zero-rated or effectively
7 zero-rated may, within two (2) years after the close of the
8 taxable quarter when the sales were made, apply for [the
9 issuance of a tax credit certificate or] refund of creditable
10 input tax due or paid attributable to such sales, except
11 transitional input tax, to the extent that such input tax has not
12 been applied against output tax: *Provided, however,* That in
13 the case of zero-rated sales under Section 106(A)(2)(a)(1), (2)
14 [and (B)] and Section 108 (B)(1) and (2), the acceptable
15 foreign currency exchange proceeds thereof had been duly
16 accounted for in accordance with the rules and regulations of
17 the Bangko Sentral ng Pilipinas (BSP): **PROVIDED**
18 **FURTHER, THAT SECTION 106(A)(2)(a)(2) AND**
19 **SECTION 108 (B)(1) SHALL NO LONGER BE**
20 **SUBJECT TO ZERO PERCENT VAT RATE IN**
21 **ACCORDANCE WITH THE VAT REFUND**
22 **PROVISIONS UNDER SECTION 106(A) AND**
23 **SECTION 108(B), RESPECTIVELY:** *Provided, further,*
24 That where the taxpayer is engaged in zero-rated or
25 effectively zero-rated sale and also in taxable or exempt sale
26 of goods or properties or services, and the amount of
27 creditable input tax due or paid cannot be directly and entirely
28 attributed to any one of the transactions, it shall be allocated
29 proportionately on the basis of the volume of sales. *Provided,*
30 finally, that for a person making sales that are zero-rated
31 under Section 108(B)(6), the input taxes shall be allocated
32 ratably between his zero-rated and non-zero-rated sales.

33 (B) *Cancellation of VAT Registration.* – A person whose
34 registration has been cancelled due to retirement from or
35 cessation of business, or due to changes in or cessation of
36 status under Section 106(C) of this Code may, within two (2)

1 years from the date of cancellation, apply for **REFUND** [the
2 issuance of a tax credit certificate] for any unused input tax
3 [which may be used in payment of his other internal revenue
4 taxes].

5 (C) *Period within which Refund of Input Taxes shall be Made.*

6 - In proper cases, the Commissioner shall grant a refund for
7 creditable input taxes within ninety (90) days from the date of
8 submission of the official receipts or invoices and other
9 documents in support of the application filed in accordance
10 with Subsections (A) and (B) hereof: *Provided*, that should
11 the commissioner find that the grant of refund is not proper,
12 the commissioner must state in writing the legal and factual
13 basis for the denial.

14 In case of full or partial denial of the claim for tax refund **OR**
15 **TAX CREDIT, OR THE FAILURE ON THE PART OF**
16 **THE COMMISSIONER TO ACT ON THE**
17 **APPLICATION WITHIN THE PERIOD PRESCRIBED**
18 **ABOVE**, the taxpayer affected may, within thirty (30) days
19 from the receipt of the decision denying the claim **OR**
20 **AFTER THE EXPIRATION OF THE ONE HUNDRED**
21 **TWENTY DAY-PERIOD**, appeal the decision **OR THE**
22 **UNACTED CLAIM** with the Court of Tax Appeals:
23 *Provided, however*, that failure on the part of any official,
24 agent, or employee of the BIR to act on the application within
25 the ninety (90)-day period shall be punishable under section
26 269 of this Code.

27 **SEC. 15.** Section 119 of the NIRC is hereby amended to read:

28 Sec. 119. *Tax on Franchises.* – Any provision of general or
29 special law to the contrary notwithstanding, there shall be
30 levied, assessed and collected in respect to all **EXISTING**
31 **OR FUTURE** franchise agreement or law pertaining **TO**
32 franchises on radio and/or television broadcasting **AND**
33 **TELECOMMUNICATION** companies whose annual gross
34 receipts of the preceding year do not exceed Ten million
35 pesos (P10,000,000.00), subject to Section 236 of this Code, a
36 **FRANCHISE** tax of three percent (3%), and on gas and

1 water utilities, a **FRANCHISE** tax of two percent (2%) on
2 the gross receipts derived from the business covered by the
3 law granting the franchise: *Provided, however,* That radio
4 and/**OR** television broadcasting **AND**
5 **TELECOMMUNICATION** companies referred to in this
6 Section shall have an option to be registered as a value-added
7 taxpayer and pay the tax due thereon.[: *Provided, further,*
8 That once the option is exercised, said option shall not be
9 irrevocable.]

10 XXX

11 **SEC. 16.** Section 119 of the NIRC is hereby further amended to insert
12 thereafter a new section 119-A to read as follows:

13 **SECTION 119-A. FRANCHISES OF DOMESTIC**
14 **AIRLINES. – THE PROVISIONS OF P.D. NO. 1590 ON**
15 **THE FRANCHISE TAX OF PHILIPPINE AIRLINES,**
16 **INC., R.A. NO. 7151 ON THE FRANCHISE TAX OF**
17 **CEBU AIR, INC., R.A. NO. 7583 ON THE FRANCHISE**
18 **TAX OF ABOITIZ AIR TRANSPORT CORPORATION,**
19 **R.A. NO. 7909 ON THE FRANCHISE TAX OF PACIFIC**
20 **AIRWAYS CORPORATION, R.A. NO. 8339 ON THE**
21 **FRANCHISE TAX OF AIR PHILIPPINES, OR ANY**
22 **OTHER EXISTING OR FUTURE FRANCHISE**
23 **AGREEMENTS OR LAWS PERTAINING TO A**
24 **DOMESTIC AIRLINE TO THE CONTRARY**
25 **NOTWITHSTANDING:**

26 **(A) THE FRANCHISEE SHALL BE LIABLE TO PAY A**
27 **FRANCHISE TAX OF 3% OF GROSS RECEIPTS**
28 **DERIVED FROM TRANSPORT OPERATIONS;**

29 **(B) THE FRANCHISEE SHALL BE LIABLE TO PAY**
30 **THE CORPORATE INCOME TAX FOR REVENUES**
31 **DERIVED FROM ALL SOURCES;**

32 **(C) THE FRANCHISEE SHALL REGISTER FOR**
33 **VALUE-ADDED TAX UNDER SECTION 236, AND TO**
34 **ACCOUNT UNDER TITLE IV OF THE NATIONAL**
35 **INTERNAL REVENUE CODE OF 1997, AS AMENDED,**

1 FOR VALUE-ADDED TAX ON ITS SALE OF GOODS,
2 PROPERTY OR SERVICES AND ITS LEASE OF
3 PROPERTY; AND

4 (D) THE FRANCHISEE IS LIABLE TO PAY ALL
5 APPLICABLE TAXES AND IMPOSITIONS LEVIED
6 UNDER THE NATIONAL INTERNAL REVENUE
7 CODE, AS AMENDED, AND THE LOCAL
8 GOVERNMENT CODE, AS AMENDED.

9 THE FRANCHISEE SHALL FILE THE RETURN
10 WITH, AND PAY THE TAX DUE THEREON TO THE
11 COMMISSIONER OR HIS DULY AUTHORIZED
12 REPRESENTATIVE, IN ACCORDANCE WITH THE
13 PROVISIONS OF SECTION 128 OF THIS CODE, AND
14 THE RETURN SHALL BE SUBJECT TO AUDIT BY
15 THE BUREAU OF INTERNAL REVENUE, ANY
16 PROVISION OF ANY EXISTING LAW TO THE
17 CONTRARY NOTWITHSTANDING.

18 **SEC. 17.** Section 204 of the NIRC is hereby amended to read:

19 SEC. 204. *Authority of the Commissioner to Compromise,*
20 *Abate and Refund or Credit Taxes.* – The Commissioner may
21 –

22 (A) Compromise the payment of any internal revenue tax,
23 when:

24 XXX

25 Where the basic tax involved exceeds [One million pesos
26 (P1,000,000)] **TEN MILLION PESOS (P10,000,000)** or
27 where the settlement offered is less than the prescribed
28 minimum rates, the compromise shall be subject to the
29 approval of the Evaluation Board which shall be composed of
30 the Commissioner and the four (4) Deputy Commissioners.

31 XXX

1 **SEC. 18.** Section 220 of the NIRC is hereby amended to read:

2 **SEC. 220.** *Form and Mode of Proceeding in Actions Arising*
3 *under this Code.* – [Civil and criminal actions and
4 proceedings instituted in behalf of the Government under the
5 authority of this Code or other law enforced by the Bureau of
6 Internal Revenue shall be brought in the name of the
7 Government of the Philippines and shall be conducted by
8 legal officers of the Bureau of Internal Revenue but no civil
9 or criminal action for the recovery of taxes or the enforcement
10 of any fine, penalty or forfeiture under this Code shall be filed
11 in court without the approval of the Commissioner.]

12 **ALL CIVIL AND CRIMINAL ACTIONS SHALL BE**
13 **BROUGHT IN THE NAME OF THE GOVERNMENT**
14 **OF THE PHILIPPINES AND SHALL BE FILED IN**
15 **COURT WITH THE APPROVAL OF THE**
16 **COMMISSIONER OF INTERNAL REVENUE OR HIS**
17 **OR HER DULY AUTHORIZED REPRESENTATIVE.**

18 **CIVIL ACTIONS INVOLVING DISPUTED**
19 **ASSESSMENTS AND COLLECTIONS OR REFUNDS**
20 **OF INTERNAL REVENUE TAXES, FEES OR OTHER**
21 **CHARGES OR PENALTIES IN RELATION THERETO,**
22 **OR OTHER MATTERS ARISING UNDER THIS CODE**
23 **OR OTHER LAW ENFORCED BY THE BUREAU**
24 **SHALL BE HANDLED EXCLUSIVELY BY LEGAL**
25 **OFFICERS OF THE BUREAU IN ALL STAGES OF**
26 **THE PROCEEDINGS, INCLUDING APPEALS**
27 **BEFORE THE PROPER COURTS.**

28 **FOR THIS PURPOSE, THE SECRETARY OF**
29 **FINANCE, UPON RECOMMENDATION OF THE**
30 **COMMISSIONER, SHALL PROMULGATE THE**
31 **NECESSARY RULES AND REGULATIONS FOR THE**
32 **IMPLEMENTATION OF THIS PROVISION.**

33 **SEC. 19.** Sec. 222 of the NIRC is hereby amended to read:

1 SEC. 222. *Exceptions as to Period of Limitation of*
2 *Assessment and Collection of Taxes.* –

3 (a) xxx

4 (b) If before the expiration of the time prescribed in
5 Section 203 for the assessment of the tax, [both the
6 Commissioner and] the taxpayer [have agreed] **APPLIES**
7 **WITH THE COMMISSIONER** in writing to extend the
8 period, the tax may be assessed within the period [agreed
9 upon] **SPECIFIED IN THE APPLICATION WHICH**
10 **SHALL NOT EXCEED SIX (6) MONTHS AT ANY ONE**
11 **TIME.** The **FOREGOING** period [so agreed upon] may be
12 extended by subsequent written [agreement] **APPLICATION**
13 made before the expiration of the period previously [agreed
14 upon] **APPLIED FOR.**

15 xxx

16 **SEC. 20.** Sec. 237 of the NIRC is hereby amended to read:

17 SEC. 237. *Issuance of Receipts or Sales or Commercial*
18 *Invoices.* –

19 (A) *Issuance.* – xxx

20 Within five (5) years from the effectivity of this Act and upon
21 the establishment of a system capable of storing and
22 processing the required data, the Bureau shall require
23 taxpayers engaged in the export of goods and service,
24 taxpayers engaged in e-commerce, and taxpayers under the
25 jurisdiction of the Large Taxpayers Service to issue **AND**
26 **TRANSMIT** electronic receipts or sales or commercial
27 invoices [in lieu of manual receipts or sales or commercial
28 invoices] **THRU DESIGNATED ELECTRONIC**
29 **CHANNELS WITH A PUBLIC CERTIFICATION**
30 **SYSTEM ACCREDITED BY THE BUREAU,** subject to
31 the rules and regulations to be issued by the Secretary of
32 Finance upon recommendation of the Commissioner [and
33 after a] following a public hearing [shall have been] held for
34 this purpose: *Provided,* That taxpayers not covered by the

1 mandate of this provision may issue electronic receipts of
2 sales or commercial invoices in lieu of manual receipts or
3 sales or commercial invoices. **PROVIDED FURTHER,**
4 **SUBJECT TO THE RULES AND REGULATIONS TO**
5 **BE ISSUED BY THE SECRETARY OF FINANCE, THE**
6 **COMMISSIONER MAY REQUIRE ANY TAXPAYER**
7 **TO COMPLY WITH THE PROVISIONS OF THIS**
8 **SECTION.**

9 **A PUBLIC CERTIFICATION SYSTEM SHALL REFER**
10 **TO A DIGITAL PERSONAL AUTHENTICATION**
11 **PROGRAM WITH ABILITY TO VERIFY THE**
12 **IDENTITY OF ISSUING TAXPAYER AND ATTEST**
13 **TO THE AUTHENTICITY OF THE INFORMATION IN**
14 **THE ELECTRONIC RECEIPTS OR SALES OR**
15 **COMMERCIAL INVOICES. THIS MAY INCLUDE**
16 **THE USE OF DIGITAL SIGNATURE ISSUED BY**
17 **CERTIFICATION AUTHORITY AS ACCREDITED BY**
18 **THE BUREAU.**

19 **A DESIGNATED ELECTRONIC CHANNEL SHALL**
20 **REFER TO ANY MEDIUM OR PORTAL IDENTIFIED**
21 **BY THE BUREAU WITH AN ABILITY TO RECEIVE**
22 **THE TRANSACTION DATA OF THE ELECTRONIC**
23 **RECEIPTS OF SALES OR COMMERCIAL INVOICES**
24 **FOR ASSIGNMENT OF AN APPROVED**
25 **ELECTRONIC TAX TRANSACTION NUMBER.**

26 **AN APPROVED TAX TRANSACTION NUMBER**
27 **SHALL REFER TO THE UNIQUE ASSIGNED SERIES**
28 **OF NUMBERS AND/OR LETTERS LINKED TO A**
29 **VALIDATED SALES TRANSACTION REPORTED**
30 **THROUGH THE DESIGNATED ELECTRONIC**
31 **CHANNEL.**

32 The original of each receipt or invoice shall be issued to the
33 purchaser, customer, or client at the time the transaction is
34 effected, who, if engaged in the business or in the exercise of
35 profession, shall keep and preserve the same in his place of
36 business for a period of three (3) years from the close of the
37 taxable year in which such invoice or receipt was issued,

1 while the duplicate shall be kept and preserved by the issuer,
2 also in his place of business, for a like period: *Provided*, that
3 in case of electronic receipts or sales or commercial invoices,
4 digital record of the same [shall be kept by the purchaser,
5 customer or client and the issuer for the same period above
6 stated] **BEARING THE APPROVED ELECTRONIC**
7 **TAX TRANSACTION NUMBER SHALL BE**
8 **SUFFICIENT COMPLIANCE.**

9 XXX

10 **SEC. 21.** Sec. 237-A of the NIRC is hereby amended to read:

11 **SEC. 237-A. *Electronic Sales Reporting System.*** – Within
12 five (5) years from the effectivity of this Act and upon the
13 establishment of a system capable of storing and processing
14 the required data, the Bureau shall require taxpayers engaged
15 in the export of goods and services, taxpayers engaged in e-
16 commerce, and taxpayers under the jurisdiction of the Large
17 Taxpayers Service to **USE A SYSTEM CAPABLE OF**
18 **ISSUING ELECTRONIC RECEIPTS OR SALES OR**
19 **COMMERCIAL INVOICES, COLLECT**
20 **TRANSACTION RECORDS, AND TRANSMIT THE**
21 **SAME THRU THE DESIGNATED ELECTRONIC**
22 **CHANNELS OF THE BUREAU IN THE STANDARD**
23 **FORMAT REQUIRED** [electronically report their sales
24 data to the Bureau of through the use of electronic point of
25 sales systems], subject to the rules and regulations to be
26 issued by the Secretary of Finance upon recommendation of
27 the Commissioner of Internal Revenue: *Provided*, That the
28 **POINT OF SALE (POS) machines, VALUE ADDED**
29 **NETWORK (VAN) TERMINALS, fiscal devices, and fiscal**
30 **memory devices WITH CAPACITY TO MAKE SUCH**
31 **TRANSMISSION** shall be at the expense of the taxpayers[.]:
32 **PROVIDED FURTHER, THAT THE COMMISSIONER**
33 **MAY REQUIRE ANY TAXPAYER TO COMPLY WITH**
34 **THE PROVISIONS OF THIS SECTION SUBJECT TO**
35 **THE RULES AND REGULATIONS TO BE ISSUED BY**
36 **THE SECRETARY OF FINANCE.**

1 IN YEAR ONE TO YEAR FOUR OF THE
2 IMPLEMENTATION PERIOD, A TAXPAYER WHO
3 ADOPTS THE REQUIRED SYSTEM SHALL BE
4 GRANTED A TAX CREDIT OF ONE-TENTH
5 PERCENT (0.1%) OF THE PURCHASE VALUE, NET
6 OF VALUE ADDED TAX, FOR EVERY ELECTRONIC
7 RECEIPT OR SALE OR COMMERCIAL INVOICE
8 TRANSMITTED THRU THE DESIGNATED
9 ELECTRONIC CHANNELS OF THE BUREAU AND
10 ISSUED AN ELECTRONIC TAX TRANSACTION
11 NUMBER.

12 IN SUPPORT OF THE ELECTRONIC SALES
13 REPORTING SYSTEM, THE BUREAU MAY GRANT
14 TAX INCENTIVES FOR ELECTRONICALLY
15 TRACEABLE PAYMENTS (ETP) IN THE FORM OF
16 ALLOWABLE DEDUCTIBLE EXPENSE OF UP TO
17 TEN PERCENT (10%) OF THE ETP MADE BY THE
18 TAXPAYER. AN ANNUAL LIMIT ON THE
19 ALLOWED ETP DEDUCTIBLE EXPENSE PER
20 TAXPAYER MAYBE SET BY THE COMMISSIONER
21 WITH THE APPROVAL OF THE SECRETARY OF
22 FINANCE.

23 ELECTRONICALLY TRACEABLE PAYMENTS
24 REFER TO CREDIT CARD, DEBIT CARD, OR OTHER
25 METHOD OF PAYMENT WITH A SYSTEM TO
26 VERIFY OR LINK THE PAYMENT TO THE
27 IDENTITY OF PAYOR.

28 THE BUREAU MAY LIKEWISE ESTABLISH A
29 RECEIPT AND INVOICE LOTTERY PROGRAM FOR
30 ELECTRONIC RECEIPTS OR SALES OR
31 COMMERCIAL INVOICES TRANSMITTED THRU
32 THE DESIGNATED ELECTRONIC CHANNELS OF
33 THE BUREAU AND ISSUED AN ELECTRONIC TAX
34 TRANSACTION NUMBER.

35 XXX

1 **SEC. 22.** Section 250 of the NIRC is hereby amended to read:

2 SEC. 250. *Failure to File Certain Information Returns.* – In
3 the case of each failure to file an information return,
4 statement or list, or keep any record, or supply any
5 information required by this Code or by the Commissioner
6 on the date prescribed therefor, unless it is shown that such
7 failure is due to reasonable cause and not to willful neglect,
8 there shall, upon notice and demand by the Commissioner,
9 be paid by the person failing to file, keep or supply the same,
10 [One thousand pesos (1,000)] **FIVE THOUSAND PESOS**
11 **(P5,000)** for each failure: Provided, however, That the
12 aggregate amount to be imposed for all such failures during a
13 calendar year shall not exceed [Twenty-five thousand pesos
14 (P25,000)] **TWO HUNDRED FIFTY THOUSAND**
15 **PESOS (P250,000).**

16 **SEC. 23.** Section 255 of the NIRC is hereby amended to read:

17 SEC. 255. *Failure to File Return, Supply Correct and*
18 *Accurate Information, Pay Tax Withhold and Remit Tax and*
19 *Refund Excess Taxes Withheld on Compensation.* – Any
20 person required under this Code or by rules and regulations
21 promulgated thereunder to pay any tax make a return, keep
22 any record, or supply correct the accurate information, who
23 willfully fails to pay such tax, make such return, keep such
24 record, or supply correct and accurate information, or
25 withhold or remit taxes withheld, or refund excess taxes
26 withheld on compensation, at the time or times required by
27 law or rules and regulations shall, in addition to other
28 penalties provided by law, upon conviction thereof, be
29 punished [by] **WITH** a fine of not less than [Ten thousand
30 pesos (P10,000)] **ONE HUNDRED THOUSAND PESOS**
31 **(P100,000)** and [suffer] imprisonment of not less than one (1)
32 year but not more than ten (10) years.

33 Any person who attempts to make it appear for any reason
34 that he or another has in fact filed a return or statement, or
35 actually files a return or statement and subsequently

1 withdraws the same return or statement after securing the
2 official receiving seal or stamp of receipt of internal revenue
3 office wherein the same was actually filed shall, upon
4 conviction therefore, be punished [by] **WITH** a fine of not
5 less than [Ten thousand pesos (P10,000)] **ONE HUNDRED**
6 **THOUSAND PESOS (P100,000)** but not more than [Twenty
7 thousand pesos (P20,000)] **TWO HUNDRED THOUSAND**
8 **PESOS (P200,000)** and [suffer] imprisonment of not less
9 than one (1) year but not more than three (3) years.

10 **SEC. 24.** Section 256 of the NIRC is hereby amended to read:

11 *SEC. 256. Penal Liability of Corporations.* – Any
12 corporation, association or general co-partnership liable for
13 any of the acts or omissions penalized under this Code, in
14 addition to the penalties imposed herein upon the responsible
15 corporate officers, partners, or employees shall, upon
16 conviction for each act or omission, be punished [by] **WITH**
17 a fine of not less than [Fifty thousand pesos (P50,000)] **ONE**
18 **HUNDRED THOUSAND PESOS (P100,000)** but not more
19 than [One hundred thousand pesos (P100,000)] **THREE**
20 **HUNDRED THOUSAND PESOS (P300,000).**

21 **SEC. 25.** Section 257 of the NIRC is hereby amended to read:

22 *SEC. 257. Penal Liability for Making False Entries, Records*
23 *or Reports, or Using Falsified or Fake Accountable Forms.* –

24 (A) xxx

25 (B) Any person who:

26 xxx

27 (8) Willfully attempts in any manner to evade or defeat any
28 tax imposed under this Code, or knowingly uses fake or
29 falsified revenue official receipts, Letters of Authority,
30 certificates authorizing registration, Tax Credit Certificates,
31 Tax Debit Memoranda and other accountable forms shall,
32 upon conviction for each act or omission, be punished [by]
33 **WITH** a fine not less than [Fifty thousand pesos (P50,000)]

1 **ONE HUNDRED THOUSAND PESOS (P100,000)** but not
2 more than [One hundred thousand pesos (P100,000)] **THREE**
3 **HUNDRED THOUSAND PESOS (P300,000)** and [suffer]
4 imprisonment of not less than [two (2) years] **SIX (6)**
5 **YEARS** but not more than [six (6) years] **TWELVE (12)**
6 **YEARS.**

7 xxx

8 **SEC. 26.** Section 258 of the NIRC is hereby amended to read:

9 *SEC. 258. Unlawful Pursuit of Business.* – Any person who
10 carries on any business for which an annual registration fee is
11 imposed without paying the tax as required by law shall, upon
12 conviction for each act or omission, be punished [by] **WITH**
13 a fine of not less than [Five thousand pesos (P5,000)] **FIFTY**
14 **THOUSAND PESOS (P50,000)** but not more than [Twenty
15 thousand pesos (P20,000)] **TWO HUNDRED THOUSAND**
16 **PESOS (P200,000)** and [suffer] imprisonment of not less
17 than six (6) months but not more than two (2) years:
18 *Provided,* That in the case of a person engaged in the business
19 of distilling, rectifying, repacking, compounding or
20 manufacturing any article subject to excise tax, he shall, upon
21 conviction for each act or omission, be punished [by] **WITH**
22 a fine of not less than [Thirty thousand pesos (P30,000)]
23 **THREE HUNDRED THOUSAND PESOS (P300,000)** but
24 not more than [Fifty thousand pesos (P50,000)] **FIVE**
25 **HUNDRED THOUSAND PESOS (P500,000)** and [suffer]
26 imprisonment of not less than two (2) years but not more than
27 four (4) years.

28 **SEC. 27.** Section 260 of the NIRC is hereby amended to read:

29 *SEC. 260. Unlawful Possession of Cigarette Paper in Bobbins*
30 *or Rolls, Etc.* – It shall be unlawful for any person to have in
31 his possession cigarette paper in bobbins or rolls, cigarette
32 tipping paper or cigarette filter tips, without the corresponding
33 authority therefor issued by the Commissioner. Any person,
34 importer, manufacturer of cigar and cigarettes, who has been
35 found guilty under this Section, shall, upon conviction for
36 each act or omission, be punished [by] **WITH** a fine of not

1 less than [Twenty thousand pesos (P20,000)] **ONE**
2 **HUNDRED THOUSAND PESOS (P100,000)** but not more
3 than [One hundred thousand pesos (P100,000)] **FIVE**
4 **HUNDRED THOUSAND PESOS (P500,000)** and [suffer]
5 imprisonment for a term of not less than six (6) years and one
6 (1) day but not more than twelve (12) years.

7 **SEC. 28.** Section 261 of the NIRC is hereby amended to read:

8 SEC. 261. *Unlawful Use of Denatured Alcohol.* – Any person
9 who for the purpose of manufacturing any beverage, uses
10 denatured alcohol or alcohol specially denatured to be used
11 for motive power or withdrawn under bond for industrial uses
12 or alcohol knowingly misrepresented to be denatured to be
13 unfit for oral intake or who knowingly sells or offers for sale
14 any beverage made in whole or in part from such alcohol or
15 who uses such alcohol for the manufacture of liquid medicinal
16 preparations taken internally, or knowingly sells or offers for
17 sale such preparations containing as an ingredient such
18 alcohol, shall upon conviction for each act or omission be
19 punished [by] **WITH** a fine of not less than [Twenty thousand
20 pesos (P20,000)] **ONE HUNDRED THOUSAND PESOS**
21 **(P100,000)** but not more than [One hundred thousand pesos
22 (P100,000)] **FIVE HUNDRED THOUSAND PESOS**
23 **(P500,000)** and [suffer] imprisonment for a term of not less
24 than six (6) years and one (1) day but not more than twelve
25 (12) years.

26 **SEC. 29.** Section 262 of the NIRC is hereby amended to read:

27
28 SEC. 262. *Shipment or Removal of Liquor or Tobacco*
29 *Products under False Name or Brand or as an Imitation of*
30 *any Existing or Otherwise Known Product Name or Brand.* –
31 Any person who ships, transports or removes spirituous,
32 compounded or fermented liquors, wines or any manufactured
33 products of tobacco under any other than the proper name or
34 brand known to the trade as designating the kind and quality
35 of the contents of the cask, bottle or package containing the
36 same or as an imitation of any existing or otherwise known
37 product name or brand or causes such act to be done, shall,
38 upon conviction for each act or omission, be punished [by]

1 WITH a fine of not less than [Twenty thousand pesos
2 (P20,000)] **TWO HUNDRED THOUSAND PESOS**
3 **(P200,000)** but not more than [One hundred thousand pesos
4 (P100,000)] **FIVE HUNDRED THOUSAND PESOS**
5 **(P500,000)** and [suffer] imprisonment of not less than six (6)
6 years and one (1) day but not more than twelve (12) years.

7 **SEC. 30.** Section 263 of the NIRC is hereby amended to read:

8 *SEC. 263. Unlawful Possession or Removal of Articles*
9 *Subject to Excise Tax without Payment of the Tax. – xxx*

10 (a) A fine of not less than [One thousand pesos (P1,000)]
11 **TWENTY FIVE THOUSAND PESOS (P25,000)** nor more
12 than [Two thousand pesos (P2,000)] **SEVENTY FIVE**
13 **THOUSAND PESOS (P75,000)** [and] **OR** [suffer]
14 imprisonment of not less than [sixty (60) days] **THIRTY (30)**
15 **DAYS AND ONE (1) DAY** but not more than [one hundred
16 (100) days] **SIX (6) MONTHS, OR BOTH**, if the appraised
17 value, to be determined in the manner prescribed in the [Tariff
18 and Customs Code] **CUSTOMS MODERNIZATION AND**
19 **TARIFF ACT**, including duties and taxes, of the articles
20 does not exceed [One thousand pesos (P1,000)] **TWO**
21 **HUNDRED FIFTY THOUSAND PESOS (P250,000);**

22 (b) A fine of not less than [Ten thousand pesos (P10,000)]
23 **SEVENTY FIVE THOUSAND PESOS (P75,000)** but not
24 more than [Twenty thousand pesos (P20,000)] **ONE**
25 **HUNDRED FIFTY THOUSAND PESOS (P150,000)** [and]
26 **OR** [suffer] imprisonment of not less than [two (2) years]
27 **SIX (6) MONTHS AND ONE (1) DAY** but not more than
28 [four (4) years] **ONE (1) YEAR, OR BOTH**, if the appraised
29 value, to be determined in the manner prescribed in the [Tariff
30 and Customs Code] **CUSTOMS MODERNIZATION AND**
31 **TARIFF ACT**, including duties and taxes, of the articles
32 exceeds [One thousand pesos (P1,000)] **TWO HUNDRED**
33 **FIFTY THOUSAND PESOS (P250,000)** but does not
34 exceed [Fifty thousand pesos (P50,000)] **FIVE HUNDRED**
35 **THOUSAND PESOS (P500,000);**

1 (c) A fine of not less than [Thirty thousand pesos (P30,000)]
2 **ONE HUNDRED FIFTY THOUSAND PESOS (P150,000)**
3 but not more than [Sixty thousand pesos (P60,000)] **THREE**
4 **HUNDRED THOUSAND PESOS (P300,000)** [and] **OR**
5 [suffer] imprisonment of not less than [four (4) years] **ONE**
6 **(1) YEAR AND ONE (1) DAY** but not more than [six (6)
7 years] **THREE (3) YEARS**, if the appraised value, to be
8 determined in the manner prescribed in the [Tariff and
9 Customs Code] **CUSTOMS MODERNIZATION AND**
10 **TARIFF ACT**, including duties and taxes of the articles is
11 more than [Fifty thousand pesos (P50,000)] **FIVE**
12 **HUNDRED THOUSAND PESOS (P500,000)** but does not
13 exceed [One hundred fifty thousand pesos (P150,000)] **ONE**
14 **MILLION PESOS (P1,000,000)**; or

15 (d) A fine of not less than [Fifty thousand pesos (P50,000)]
16 **THREE HUNDRED THOUSAND PESOS (P300,000)** but
17 not more than [One hundred thousand pesos (P100, 000)]
18 **ONE MILLION FIVE HUNDRED THOUSAND PESOS**
19 **(P1,500,000)** [and] **OR** [suffer] imprisonment of not less than
20 [ten (10) years] **THREE (3) YEARS AND ONE (1) DAY**
21 but not more than [twelve (12) years] **SIX (6) YEARS**, if the
22 appraised value, to be determined in the manner prescribed in
23 the [Tariff and Customs Code] **CUSTOMS**
24 **MODERNIZATION AND TARIFF ACT**, including duties
25 and taxes, of the articles exceeds [One hundred fifty thousand
26 pesos (P150,000)] **ONE MILLION PESOS (P1,000,000)**.

27 Any person who is found in possession of locally
28 manufactured articles subject to excise tax, the tax on which
29 has not been paid in accordance with law, or any person who
30 is found in possession of such articles which are exempt from
31 excise tax other than those to whom the same is lawfully
32 issued shall be punished with a fine of not less than (10) times
33 the amount of excise tax due on the articles found but not less
34 than [Five hundred pesos (P500)] **TWENTY FIVE**
35 **THOUSAND PESOS (P25,000)** and [suffer] imprisonment
36 of not less than two (2) years but not more than four (4) years.

37 Any manufacturer, owner or person in charge of any article
38 subject to excise tax who removes or allows or causes the

1 unlawful removal of any such articles from the place of
2 production or bonded warehouse, upon which the excise tax
3 has not been paid at the time and in the manner required, and
4 any person who knowingly aids or abets in the removal of
5 such articles as aforesaid, or conceals the same after illegal
6 removal shall, for the first offense, be punished with a fine of
7 not less than ten (10) times the amount of excise tax due on
8 the articles but not less than [One thousand pesos (P1,000)]
9 **TWENTY FIVE THOUSAND (P25,000)** and [suffer]
10 imprisonment of not less than [one (1) year] **TWO (2)**
11 **YEARS** but not more than [two (2) years] **FOUR (4)**
12 **YEARS.**

13 xxx

14 **SEC. 31.** Section 264 of the NIRC is hereby amended to read:

15 *Sec. 264. Failure or refusal to Issue Receipts or Sales or*
16 *Commercial Invoices, Violations related to the Printing of*
17 *such Receipts or Invoices and Other Violations. –*

18 (a) Any person who, being required under Section 237 to
19 issue receipts or sales or commercial invoices, fails or refuses
20 to issue such receipts or invoices, issues receipts or invoices
21 that do not truly reflect and/or contain all the information
22 required to be shown therein, or uses multiple or double
23 receipts or invoices, shall, upon conviction for each act or
24 omission, be punished [by] **WITH** a fine of not less than [One
25 thousand pesos (P1,000)] **FIVE THOUSAND PESOS**
26 **(P5,000)** but not more than [Fifty thousand pesos (P50,000)]
27 **TWO HUNDRED FIFTY THOUSAND PESOS**
28 **(P250,000)** and [suffer] imprisonment of not less than [two
29 (2) years] **FOUR (4) YEARS** but not more than [four (4)
30 years] **EIGHT (8) YEARS.**

31 xxx

32 **SEC. 32.** Section 265 of the NIRC is hereby amended to read:

33 *SEC. 265. Offenses Relating to Stamps. – Any person who*
34 *commits any of the acts enumerated hereunder shall, upon*

1 conviction thereof, be punished [by] **WITH** a fine of not less
2 than [Twenty thousand pesos (P20,000)] **TWO HUNDRED**
3 **THOUSAND PESOS (P200,000)** but not more than [Fifty
4 thousand pesos (P50,000)] **FIVE HUNDRED THOUSAND**
5 **PESOS (P500,000)** and [suffer] imprisonment of not less
6 than four (4) years but not more than eight (8) years: xxx

7 **SEC. 33.** Section 266 of the NIRC is hereby amended to read:

8 *Sec. 266. Failure to Obey Summons.* – Any person who,
9 being duly summoned to appear to testify, or to appear
10 **UNDER SECTION 5-A OF THIS CODE**, [and produce
11 books of accounts, records, memoranda or other papers,] or to
12 furnish information as required under the pertinent provisions
13 of this Code, neglects to appear or to produce such books of
14 accounts, records, memoranda or other papers, or to furnish
15 such information, shall, upon conviction, be punished [by]
16 **WITH** a fine of not less than [Five thousand pesos (P5,000)]
17 **FIFTY THOUSAND PESOS (P50,000)** but not more than
18 [ten thousand pesos (P10,000)] **ONE HUNDRED**
19 **THOUSAND PESOS (P100,000)** and [suffer] imprisonment
20 of not less than [one (1) year] **TWO (2) YEARS** but not more
21 than [two (2) years] **FOUR (4) YEARS**.

22 **SEC. 34.** Section 275 of the NIRC is hereby amended to read:

23 *SEC. 275. Violation of Other Provisions of this Code or Rules*
24 *and Regulations in General.* – Any person who violates any
25 provision of this Code or any rule or regulation promulgated
26 by the Department of Finance, for which no specific penalty
27 is provided by law, shall, upon conviction for each act or
28 omission, be punished [by] **WITH** a fine of not more than
29 [One thousand pesos (P1,000)] **TEN THOUSAND PESOS**
30 **(P10,000)** or [suffer] imprisonment of not more than [six (6)
31 months] **TWO (2) YEARS**, or both.

32 **SEC. 35.** A new Title on Tax Incentives is hereby inserted in the NIRC
33 as Title XII to read:

1 TITLE XII

2 TAX INCENTIVES

3 CHAPTER I

4 GENERAL PROVISIONS ON TAX INCENTIVES

5 **SEC 290. GENERAL PROVISION.** – ALL EXPORT
6 **ACTIVITIES AND STRATEGIC INVESTMENTS,**
7 **INCLUDING THOSE INTENDED FOR THE**
8 **DOMESTIC MARKET, UNDER THE STRATEGIC**
9 **INVESTMENTS PRIORITY PLAN (SIPP) AS DEFINED**
10 **UNDER CHAPTER II OF THIS TITLE, WHETHER**
11 **LOCATED INSIDE OR OUTSIDE ECOZONES AND**
12 **FREEPORT, ELIGIBLE FOR REGISTRATION IN THE**
13 **RESPECTIVE IPAS EFFECTIVE JANUARY 1, 2019,**
14 **AND WHICH WILL QUALIFY FOR INCENTIVES**
15 **UPON EVALUATION AND REVIEW BY THE FISCAL**
16 **INCENTIVES REVIEW BOARD (FIRB), MAY ONLY**
17 **BE GRANTED INCOME TAX AND CUSTOMS DUTY**
18 **INCENTIVES UNDER THIS TITLE, AND IN NO SUCH**
19 **CASE SHALL THE VALUE-ADDED TAX AND LOCAL**
20 **TAXES BE USED AS INVESTMENT TAX**
21 **INCENTIVES: PROVIDED, THAT THE TAX**
22 **INCENTIVES AVAILABLE UNDER THIS TITLE TO**
23 **THE AFOREMENTIONED ENTERPRISES SHALL BE**
24 **APPLICABLE TO THE REGISTERED ACTIVITY OR**
25 **PROJECT ONLY IN SUCH A WAY THAT INCOME**
26 **DERIVED FROM NON-REGISTERED ACTIVITY OR**
27 **PROJECT SHALL BE SUBJECT TO APPROPRIATE**
28 **TAXES UNDER THIS CODE. THE PERIOD OF**
29 **AVAILMENT OF INCENTIVES SHALL BE**
30 **RECKONED FROM THE START OF COMMERCIAL**
31 **OPERATION.**

32 **SEC. 291. SCOPE AND COVERAGE.** – THIS TITLE
33 **SHALL COVER ALL EXISTING IPAS AND ALL**
34 **OTHER IPAS AND OTHER SIMILAR AUTHORITIES**
35 **THAT MAY BE CREATED BY LAW.**

1 (c) *TAX ALLOWANCE FOR INVESTMENTS.* - AN
2 ALLOWANCE OF UP TO FIFTY PERCENT (50%) OF
3 THE ACTUAL QUALIFIED CAPITAL EXPENDITURE
4 INCURRED WITHIN THREE (3) YEARS SHALL BE
5 ALLOWED AS A DEDUCTION FROM THE TAXABLE
6 INCOME.

7 (d) *DOUBLE DEDUCTION FOR RESEARCH AND*
8 *DEVELOPMENT.* - EXPENSES INCURRED FOR
9 RESEARCH AND DEVELOPMENT RELATED TO
10 THE REGISTERED ACTIVITY, IDENTIFIED AND
11 APPROVED AS SUCH BY THE APPROPRIATE
12 GOVERNMENT AGENCY/IES SHALL BE
13 DEDUCTIBLE FROM THE GROSS INCOME FOR
14 INCOME TAX PURPOSES TO THE EXTENT OF TWO
15 HUNDRED PERCENT (200%) ON THE YEAR THE
16 SAID RESEARCH AND DEVELOPMENT EXPENSES
17 WERE INCURRED.

18 (e) *DOUBLE DEDUCTION FOR TRAINING.* -
19 EXPENSES INCURRED FOR TRAINING GIVEN TO
20 EMPLOYEES BY THE REGISTERED ENTERPRISE
21 FOR THE DEVELOPMENT OF SKILLS, IDENTIFIED
22 AND APPROVED AS NECESSARY BY THE
23 APPROPRIATE GOVERNMENT AGENCY/IES SHALL
24 BE DEDUCTIBLE FROM THE GROSS INCOME FOR
25 INCOME TAX PURPOSES TO THE EXTENT OF TWO
26 HUNDRED PERCENT (200%) ON THE YEAR THE
27 SAID TRAINING EXPENSE WAS INCURRED.

28 (f) *ADDITIONAL DEDUCTION FOR LABOR*
29 *EXPENSE.* - A REGISTERED ENTERPRISE MAY BE
30 ALLOWED AN ADDITIONAL DEDUCTION FROM
31 TAXABLE INCOME OF FIFTY PERCENT (50%) OF
32 THE WAGES CORRESPONDING TO THE
33 INCREMENT IN THE NUMBER OF DIRECT LABOR.

34 (g) *ONE HUNDRED PERCENT (100%) DEDUCTION*
35 *ON INFRASTRUCTURE DEVELOPMENT.* -
36 REGISTERED ENTERPRISES ESTABLISHING
37 THEIR ACTIVITY IN AN AREA THAT THE

1 STRATEGIC INVESTMENTS PRIORITY PLAN (SIPP)
2 DESIGNATES AS NECESSARY FOR COUNTRY-
3 WIDE DEVELOPMENT OR IN AN AREA FOUND TO
4 BE DEFICIENT IN INFRASTRUCTURE, PUBLIC
5 UTILITIES, AND OTHER FACILITIES, SUCH AS
6 IRRIGATION, DRAINAGE, OR OTHER SIMILAR
7 WATERWORKS INFRASTRUCTURE MAY DEDUCT
8 FROM THE GROSS INCOME AN AMOUNT
9 EQUIVALENT TO ONE HUNDRED PERCENT (100%)
10 OF NECESSARY AND MAJOR INFRASTRUCTURE
11 WORKS IT MAY HAVE UNDERTAKEN WITH THE
12 PRIOR APPROVAL AND RECOMMENDATION OF
13 THE IPA CONCERNED; *PROVIDED*, THAT THE
14 TITLE TO ALL SUCH INFRASTRUCTURE WORKS
15 SHALL UPON COMPLETION, BE TRANSFERRED TO
16 THE PHILIPPINE GOVERNMENT; *PROVIDED*
17 *FURTHER*, THAT ANY AMOUNT NOT DEDUCTED
18 FOR A PARTICULAR YEAR MAY BE CARRIED
19 OVER FOR DEDUCTION FOR SUBSEQUENT YEARS
20 NOT EXCEEDING FIVE (5) YEARS FROM
21 COMMERCIAL OPERATION.

22 (h) *DEDUCTION FOR REINVESTMENT*
23 *ALLOWANCE TO MANUFACTURING INDUSTRY.* –
24 WHEN A MANUFACTURING REGISTERED
25 ENTERPRISE REINVESTS ITS UNDISTRIBUTED
26 PROFIT OR SURPLUS IN ANY OF THE ACTIVITIES
27 LISTED IN THE SIPP, THE AMOUNT SO
28 REINVESTED SHALL BE ALLOWED AS A
29 DEDUCTION FROM ITS TAXABLE INCOME
30 WITHIN A PERIOD OF FIVE (5) YEARS FROM THE
31 TIME OF SUCH REINVESTMENT; *PROVIDED*, THAT
32 PRIOR APPROVAL AND RECOMMENDATION BY
33 THE IPA CONCERNED OF SUCH REINVESTMENT
34 WAS OBTAINED BY THE REGISTERED
35 ENTERPRISE PLANNING SUCH REINVESTMENT.

36 *PROVIDED*, THAT IN LIEU OF THE ITH UNDER (a),
37 THE TAX INCENTIVES UNDER (b), (c), (d), (e), (f), (g)
38 AND (h) MAY BE GRANTED.

1 **PROVIDED FURTHER, THAT IN NO SUCH CASE**
2 **SHALL AN INCOME TAX INCENTIVE BE**
3 **EXTENDED BEYOND THE INITIAL GRANT OF FIVE**
4 **(5) YEARS.**

5 **PROVIDED FURTHER, THAT SUPERIOR NON-**
6 **FISCAL INCENTIVES, AS MAY BE DEFINED IN THE**
7 **SIPP, MAY BE GRANTED IN LEAST DEVELOPED**
8 **AREAS OR AREAS RECOVERING FROM ARMED**
9 **CONFLICT OR A MAJOR DISASTER.**

10 **PROVIDED FINALLY, THAT REGISTERED**
11 **ACTIVITIES PRIOR TO THE EFFECTIVITY OF THIS**
12 **ACT RELOCATING FROM METRO MANILA AND**
13 **SELECTED AREAS OF REGIONS III AND IV-A TO**
14 **OTHER AREAS OF THE COUNTRY MAY BE**
15 **ALLOWED A ONE-YEAR INCOME TAX INCENTIVE**
16 **AS RELOCATION INCENTIVE.**

17 **(B) CUSTOMS DUTY INCENTIVES**

18 **REGISTERED ENTERPRISES QUALIFIED FOR**
19 **INCENTIVES MAY BE ALLOWED A MAXIMUM OF**
20 **FIVE (5) YEARS EXEMPTION ON CUSTOMS DUTY**
21 **ON IMPORTED CAPITAL EQUIPMENT,**
22 **MACHINERY, AND SPARE PARTS EXCLUSIVELY**
23 **USED FOR CAPITAL EQUIPMENT AND**
24 **MACHINERY, ALL INCLUDING CONSIGNMENT**
25 **THEREOF, RAW MATERIALS USED IN THE**
26 **MANUFACTURE, PROCESSING, AS DEFINED**
27 **HEREIN, OF PRODUCTS, AND IMPORTATION OF**
28 **SOURCE DOCUMENTS BY THE REGISTERED**
29 **ENTERPRISE. PROVIDED, THAT THE DUTY-FREE**
30 **IMPORTATION SHALL BE USED EXCLUSIVELY**
31 **FOR THE REGISTERED EXPORT ACTIVITY.**
32 **PROVIDED FURTHER, THAT EXPANSION OF**
33 **REGISTERED ACTIVITIES MAY BE GRANTED**
34 **DUTY EXEMPTION ON CAPITAL EQUIPMENT**
35 **ONLY, SUBJECT TO THE FOLLOWING**
36 **CONDITIONS:**

1 (i) THE ACTIVITY IS STILL COVERED BY THE
2 STRATEGIC INVESTMENTS PRIORITY PLAN
3 (SIPP);

4 (ii) CUSTOMS DUTY EXEMPTION WILL ONLY
5 APPLY ON THE INCREMENTAL PORTION OF THE
6 ACTIVITY; AND

7 (iii) THE CUSTOMS DUTY EXEMPTION
8 EXTENSION SHALL NOT EXCEED FIVE (5) YEARS.

9 FOR THIS PURPOSE, 'PROCESSING' SHALL REFER
10 TO CONVERTING RAW MATERIALS INTO
11 MARKETABLE FORM THROUGH PHYSICAL,
12 MECHANICAL, CHEMICAL, ELECTRICAL,
13 BIOCHEMICAL, BIOLOGICAL, OR OTHER MEANS,
14 OR BY A SPECIAL TREATMENT OR A SERIES OF
15 ACTIONS, SUCH AS SLAUGHTERING, MILLING,
16 PASTEURIZING, DRYING OR DESICCATING, OR
17 QUICK FREEZING, THAT RESULTS IN A CHANGE
18 IN THE NATURE OR STATE OF THE PRODUCTS.
19 MERE PACKING OR PACKAGING SHALL NOT
20 CONSTITUTE PROCESSING.

21 'SOURCE DOCUMENTS' REFER TO INPUT
22 MATERIALS AND DOCUMENTS REASONABLY
23 NEEDED BY I.T. AND I.T.-ENABLED INDUSTRIES
24 SUCH AS, BUT NOT LIMITED TO, BOOKS,
25 DIRECTORIES, MAGAZINES, NEWSPAPERS,
26 BROCHURES, PAMPHLETS, MEDICAL
27 RECORDS/FILES, LEGAL RECORDS/FILES,
28 INSTRUCTION MATERIALS, AND
29 DRAWINGS/BLEUPRINTS/OUTLINES.

30 CHAPTER III
31 ADMINISTRATION OF TAX INCENTIVES

32 SEC. 293. *EXPANDED FUNCTIONS OF THE FISCAL*
33 *INCENTIVES REVIEW BOARD.* - THE INCENTIVES
34 PROVIDED IN SECTION 290 MAY BE GRANTED BY

1 THE FISCAL INCENTIVES REVIEW BOARD (FIRB)
2 TO THE REGISTERED ENTERPRISE TO THE
3 EXTENT OF THEIR REGISTERED ACTIVITY UPON
4 RECOMMENDATION OF THE ADMINISTERING
5 IPA. THE PERIOD OF AVAILMENT OF INCENTIVES
6 SHALL BE RECKONED FROM THE START OF
7 COMMERCIAL OPERATION. IN THIS REGARD,
8 THE FIRB CREATED UNDER PRESIDENTIAL
9 DECREE (PD) NO. 776, AS AMENDED BY PD 1931
10 AND PD 1955, OFFICE OF THE PRESIDENT
11 MEMORANDUM ORDER NO. 23, SERIES OF 1986
12 AND EXECUTIVE ORDER 93, SERIES OF 1986,
13 SHALL BE EXPANDED TO INCLUDE THE
14 FOLLOWING FUNCTIONS AND POWERS:

15 (A) TO SERVE AS THE OVERALL
16 ADMINISTRATOR OF ALL INVESTMENT
17 INCENTIVES;

18 (B) TO REVIEW ALL IPA POLICY DECISIONS
19 RELATED TO THE ENDORSEMENT AND
20 AVAILMENT OF TAX INCENTIVES;

21 (C) TO REVIEW AND APPROVE THE GRANT OF
22 INVESTMENT TAX INCENTIVES AS
23 RECOMMENDED BY THE IPAS;

24 (D) TO PUBLISH THE NAMES OF THE
25 REGISTERED ENTERPRISES OR BENEFICIARIES
26 OF TAX INCENTIVES WITH APPROVED
27 ESTIMATED AMOUNT OF THE CORRESPONDING
28 INCENTIVES; AND

29 (E) TO GRANT TAX SUBSIDIES TO
30 GOVERNMENT-OWNED AND/OR-CONTROLLED
31 CORPORATIONS (GOCCS), GOVERNMENT
32 INSTRUMENTALITIES (GIS), GOVERNMENT
33 COMMISSARIES, AND STATE UNIVERSITIES AND

1 COLLEGES (SUCS) AS MAY BE PROVIDED UNDER
2 THE ANNUAL GENERAL APPROPRIATIONS ACT:

3 *PROVIDED*, THAT THE SECRETARY OF FINANCE
4 SHALL AUTOMATICALLY BE THE CO-CHAIR, AND
5 THE DIRECTOR-GENERAL OF NATIONAL
6 ECONOMIC AND DEVELOPMENT AUTHORITY
7 (NEDA) AND THE SECRETARY OF DEPARTMENT
8 OF TRADE AND INDUSTRY (DTI) SHALL
9 AUTOMATICALLY BE MEMBERS, OF ALL THE
10 EXISTING AND FUTURE IPAS: *PROVIDED*
11 *FURTHER*, THAT THE COMPOSITION OF THE
12 GOVERNING BOARDS OF THE EXISTING IPAS
13 UNDER THEIR RESPECTIVE GOVERNING LAWS
14 ENUMERATED HEREUNDER SHALL BE AMENDED
15 FOR THIS PURPOSE, AS FOLLOWS:

16 (1) BOARD OF INVESTMENTS (BOI), UNDER
17 ARTICLE 4 OF E.O. 226, OR THE "OMNIBUS
18 INVESTMENT CODE OF 1987";

19 (2) BASES AND CONVERSION AND
20 DEVELOPMENT AUTHORITY (BCDA) AND SUBIC
21 BAY METROPOLITAN AUTHORITY (SBMA), UNDER
22 SECTIONS 9 AND 13 (C) OF REPUBLIC ACT NO.
23 7227, OR "AN ACT ACCELERATING THE
24 CONVERSION OF MILITARY RESERVATIONS INTO
25 OTHER PRODUCTIVE USES, CREATING THE BASES
26 CONVERSION AND DEVELOPMENT AUTHORITY
27 FOR THIS PURPOSE, PROVIDING FUNDS
28 THEREFOR AND FOR OTHER PURPOSES";

29 (3) CLARK DEVELOPMENT CORPORATION
30 (CDC), UNDER SECTION 3 OF E.O. 80, S. OF 1993,
31 ENTITLED "AUTHORIZING THE ESTABLISHMENT
32 OF THE CLARK DEVELOPMENT CORPORATION
33 AS THE IMPLEMENTING ARM OF THE BASES
34 CONVERSION AND DEVELOPMENT AUTHORITY
35 FOR THE CLARK SPECIAL ECONOMIC ZONE, AND
36 DIRECTING ALL HEADS OF DEPARTMENTS,
37 BUREAUS, OFFICES, AGENCIES AND

1 INSTRUMENTALITIES OF GOVERNMENT TO
2 SUPPORT THE PROGRAM”;

3 (4) PORO POINT MANAGEMENT CORPORATION
4 (PPMC), UNDER SECTION 6 OF E.O. 132, S. OF 2002
5 ENTITLED, ENTITLED, “AUTHORIZING THE
6 CREATION OF THE PORO POINT MANAGEMENT
7 CORPORATION AS THE IMPLEMENTING ARM OF
8 THE BASES CONVERSION DEVELOPMENT
9 AUTHORITY OVER THE PORO POINT SPECIAL
10 ECONOMIC AND FREEPORT ZONE AND
11 RENAMING THE JOHN HAY PORO POINT
12 DEVELOPMENT CORPORATION AS THE JOHN
13 HAY MANAGEMENT CORPORATION”;

14 (5) ZAMBOANGA CITY SPECIAL ECONOMIC
15 ZONE (ZCSEZA), UNDER SECTION 9 OF R.A. 7903,
16 OR “AN ACT CREATING SPECIAL ECONOMIC
17 ZONE AND FREE PORT IN THE CITY OF
18 ZAMBOANGA AND ESTABLISHING FOR THIS
19 PURPOSE THE ZAMBOANGA CITY SPECIAL
20 ECONOMIC ZONE AUTHORITY, APPROPRIATING
21 FUNDS THEREFOR, AND FOR OTHER”;

22 (6) AUTHORITY OF THE FREEPORT AREA OF
23 BATAAN (AFAB), UNDER SECTION 14 OF R.A. 9728,
24 OR “AN ACT CONVERTING THE BATAAN
25 ECONOMIC ZONE LOCATED IN THE
26 MUNICIPALITY OF MARIVELES, PROVINCE OF
27 BATAAN, INTO THE FREEPORT AREA OF BATAAN
28 (FAB), CREATING FOR THIS PURPOSE THE
29 AUTHORITY OF THE FREEPORT AREA OF
30 BATAAN (AFAB), APPROPRIATING FUNDS
31 THEREFOR AND FOR OTHER PURPOSES OR THE
32 “FREEPORT AREA OF BATAAN ACT OF 2009”;

33 (7) TOURISM INFRASTRUCTURE AND
34 ENTERPRISE ZONE AUTHORITY (TIEZA), UNDER
35 SECTION 65 OF R.A. 9593, OR “AN ACT DECLARING
36 A NATIONAL POLICY FOR TOURISM AS AN
37 ENGINE OF INVESTMENT, EMPLOYMENT,

1 GROWTH AND NATIONAL DEVELOPMENT, AND
2 STRENGTHENING THE DEPARTMENT OF
3 TOURISM AND ITS ATTACHED AGENCIES TO
4 EFFECTIVELY EFFICIENTLY IMPLEMENT THAT
5 POLICY, AND APPROPRIATING FUNDS
6 THEREFOR”;

7 (8) AURORA SPECIAL ECONOMIC ZONE
8 (ASEZA), UNDER SECTION 15 OF R.A. 9490, OR “AN
9 ACT ESTABLISHING THE AURORA SPECIAL
10 ECONOMIC ZONE IN THE PROVINCE OF AURORA,
11 CREATING FOR THE PURPOSE THE AURORA
12 SPECIAL ECONOMIC ZONE AUTHORITY,
13 APPROPRIATING FUNDS THEREFOR AND FOR
14 OTHER PURPOSES” AND SECTION 8 OF R.A. 10083,
15 OR “AN ACT AMENDING R.A. 9490, OR THE
16 “AURORA SPECIAL ECONOMIC ZONE ACT OF
17 2007”;

18 (9) CAGAYAN ECONOMIC ZONE AUTHORITY
19 (CEZA), UNDER SECTION 7 OF R.A. 7922, OR “AN
20 ACT ESTABLISHING A SPECIAL ECONOMIC ZONE
21 AND FREE PORT IN THE MUNICIPALITY OF
22 SANTA ANA AND THE NEIGHBORING ISLANDS IN
23 THE MUNICIPALITY OF APARRI, PROVINCE OF
24 CAGAYAN PROVIDING FUNDS THEREFOR, AND
25 FOR OTHER PURPOSES”;

26 (10) PHILIPPINE VETERANS INVESTMENT
27 DEVELOPMENT COOPERATION (PHIVIDEC),
28 UNDER SECTION 1, AMENDING SECTION 6 OF P.D.
29 538 AND SECTION 2 OF E.O. 1031, S. OF 1985
30 ENTITLED, “REORGANIZING THE PHIVIDEC
31 INDUSTRIAL AUTHORITY”;

32 (11) THE PHILLIPINE ECONOMIC ZONE
33 AUTHORITY (PEZA), UNDER SECTION 11 OF R.A.
34 7916, OR “AN ACT PROVIDING FOR THE LEGAL
35 FRAMEWORK AND MECHANISMS FOR THE
36 CREATION, OPERATON, ADMINISTRATION, AND
37 COORDINATION OF SPECIAL ECONOMIC ZONES

1 IN THE PHILIPPINES, CREATING FOR THIS
2 PURPOSE, THE PHILIPPINE ECONOMIC ZONE
3 AUTHORITY (PEZA), AND FOR OTHER PURPOSES”.

4 **SEC. 294. COMPOSITION OF THE FIRB.** – THE FIRB
5 SHALL BE RECONSTITUTED AND SHALL BE
6 COMPOSED OF THE FOLLOWING MEMBERS:

7 (1) SECRETARY OF THE DEPARTMENT OF
8 FINANCE (DOF);

9 (2) SECRETARY OF THE DEPARTMENT OF
10 TRADE AND INDUSTRY (DTI);

11 (3) DIRECTOR GENERAL OF THE NATIONAL
12 ECONOMIC AND DEVELOPMENT AUTHORITY
13 (NEDA);

14 (4) EXECUTIVE SECRETARY OF THE
15 PHILIPPINES; AND

16 (5) A MEMBER APPOINTED BY THE PRESIDENT
17 WHO SHALL COME FROM THE PRIVATE SECTOR
18 WHO SHALL SERVE FULL-TIME. *PROVIDED*, THAT
19 HE OR SHE IS DISQUALIFIED FROM BEING A
20 DIRECTOR, OFFICER, EMPLOYEE, CONSULTANT,
21 LAWYER, AGENT OR STOCKHOLDER OF ANY
22 REGISTERED ENTERPRISE OR A
23 REPRESENTATIVE OR MEMBER OF ANY
24 ASSOCIATION OF REGISTERED ENTERPRISES, IN
25 WHICH CASE, HE OR SHE SHALL RESIGN FROM,
26 AND DIVEST HIMSELF OF ANY AND ALL
27 INTERESTS IN SUCH REGISTERED ENTERPRISE
28 OR ASSOIATION OF REGISTERED ENTERPRISE
29 BEFORE ASSUMPTION OF OFFICE AS MEMBER OF
30 THE FIRB.

31 THE TECHNICAL COMMITTEE OF THE FIRB SHALL
32 BE COMPOSED OF THE FOLLOWING MEMBERS:

33 (1) UNDERSECRETARY OF DOF;

- 1 (2) **UNDERSECRETARY OF DTI;**
- 2 (3) **UNDERSECRETARY OF DBM;**
- 3 (4) **DEPUTY DIRECTOR GENERAL OF NEDA;**
- 4 (5) **COMMISSIONER OF BIR;**
- 5 (6) **COMMISSIONER OF BOC; AND**
- 6 (7) **EXECUTIVE DIRECTOR OF THE NTRC.**

7 **THE NATIONAL TAX RESEARCH CENTER (NTRC)**
8 **SHALL SERVE AS THE SECRETARIAT OF THE**
9 **FIRB.**

10 **CHAPTER IV**

11 **QUALIFIED ACTIVITIES FOR TAX INCENTIVES**

12 **SEC. 295. *STRATEGIC INVESTMENTS PRIORITY***
13 ***PLAN* (SIPP). – THE BOARD OF INVESTMENT (BOI),**
14 **IN COORDINATION WITH THE OFFICE OF THE**
15 **PRESIDENT, THE CONCERNED IPAS, AND OTHER**
16 **GOVERNMENT AGENCIES AND THE PRIVATE**
17 **SECTOR, SHALL FORMULATE THE PLAN TO BE**
18 **SUBMITTED TO THE PRESIDENT FOR HIS**
19 **APPROVAL THROUGH THE ISSUANCE OF AN**
20 **EXECUTIVE ORDER NOT LATER THAN**
21 **DECEMBER OF THE THIRD YEAR SET FOR**
22 **PERIODIC REVIEW. THE PLAN SHALL BE VALID**
23 **FOR A PERIOD OF THREE (3) YEARS SUBJECT TO**
24 **REVIEW AND AMENDMENT AS THE NEED ARISES.**

25 **THE FOLLOWING CRITERIA SHALL BE COMPLIED**
26 **WITH IN THE LIST OF ECONOMIC ACTIVITIES IN**
27 **THE PLAN:**

1 (A) THE ACTIVITY SHALL BE COVERED BY THE
2 PHILIPPINE DEVELOPMENT PLAN OR ITS
3 EQUIVALENT AND OTHER GOVERNMENT
4 PROGRAMS, AND SHALL REFLECT THE HIGH-
5 LEVEL PRIORITIES OF THE COUNTRY;

6 (B) THE ACTIVITY SHALL ENDEAVOR TO BE
7 NEUTRAL IN TERMS OF NATIONALITY AND
8 MARKET, PROVIDED THAT THOSE INTENDED FOR
9 THE DOMESTIC MARKET BE IMPORT-
10 SUBSTITUTING OR IMPORT-COMPETING
11 PRODUCTS OR ACTIVITIES;

12 (C) THE ACTIVITY'S PERFORMANCE SHALL BE
13 MEASURABLE IN TERMS OF EXPORT SALES,
14 ACTUAL INVESTMENTS, ACTUAL JOB CREATION,
15 INVESTMENTS IN LAGGING REGIONS AS DEFINED
16 IN THE SIPP, INVESTMENT AND EMPLOYMENT IN
17 RESEARCH AND DEVELOPMENT, LINKAGES
18 CREATION, AND SPILL-OVER EFFECTS, AMONG
19 OTHERS;

20 (D) THE ACTIVITY SHALL NOT INCLUDE THOSE
21 THAT ARE PART OF CROSS-SUBSIDY SCHEMES;

22 (E) THE ACTIVITY IN LAGGING REGIONS SHALL
23 BE GIVEN PREFERENCE;

24 (F) THE ACTIVITY SHALL TAKE INTO ACCOUNT
25 THE FOLLOWING:

26 (1) SUBSTANTIAL AMOUNT OF ACTUAL
27 INVESTMENTS;

28 (2) CONSIDERABLE GENERATION OF ACTUAL
29 FULL TIME EMPLOYMENT;

1 (3) ADOPT INCLUSIVE BUSINESS ACTIVITIES
2 AND VALUE-ADDED PRODUCTION BY MICRO,
3 SMALL, AND, MEDIUM-SIZE ENTERPRISES
4 (MSMES);

5 (4) USE OF MODERN OR NEW TECHNOLOGY;

6 (5) ADOPTION OF ADEQUATE ENVIRONMENTAL
7 PROTECTION SYSTEMS;

8 (6) ADDRESS MISSING GAPS IN THE
9 SUPPLY/VALUE CHAIN AND/OR MOVE UP THE
10 VALUE CHAIN OR PRODUCT LADDER;

11 (7) PROMOTION OF MARKET
12 COMPETITIVENESS; AND

13 (8) COMMERCIALIZATION OF IDEAS AND
14 INTRODUCTION OF INNOVATION ACTIVITIES
15 WHETHER PRODUCT, PROCESS, MARKETING, OR
16 NEW BUSINESS MODEL.

17 THE THRESHOLD AMOUNT OF INVESTMENTS
18 AND EMPLOYMENT GENERATION REQUIRED FOR
19 A SPECIFIC ACTIVITY TO BE GRANTED TAX
20 INCENTIVES AND RETAIN THE TAX INCENTIVE
21 SHALL BE SUBJECT TO A PERIODIC REVIEW
22 EVERY THREE (3) YEARS TAKING INTO
23 CONSIDERATION INTERNATIONAL STANDARDS
24 AND OTHER INDICATORS.

25 THE ACTIVITY MUST COMPLY WITH THE
26 SPECIFIC QUALIFICATION REQUIREMENTS
27 AND/OR CONDITIONS FOR A PARTICULAR
28 SECTOR OR INDUSTRY AND OTHER LIMITATIONS
29 AS SET AND DETERMINED BY THE BOI.

1 **PROVIDED**, THAT THE PRESIDENT MAY, IN THE
2 INTEREST OF NATIONAL ECONOMIC
3 DEVELOPMENT AND UPON THE
4 RECOMMENDATION OF THE BOARD OF
5 INVESTMENTS AND THE ECONOMIC MANAGERS,
6 GRANT INCENTIVES TO HIGHLY DESIRABLE
7 PROJECTS THAT MAY INCLUDE THOSE THAT ARE
8 NOT PROVIDED IN THE SIPP: *PROVIDED FURTHER*,
9 THAT THE BENEFITS THAT THE GOVERNMENT
10 COULD DERIVE FROM SUCH INVESTMENT
11 THERE TO IS CLEAR AND CONVINCING AND FAR
12 OUTWEIGHS THE COST OF INCENTIVES THAT
13 WILL BE GRANTED: *PROVIDED FURTHER*, THAT
14 THE FOLLOWING CRITERIA, AMONG OTHERS,
15 ARE CONSIDERED:

16 **(A) MINIMUM INVESTMENT OF FIVE HUNDRED**
17 **MILLION UNITED STATES DOLLARS (USD**
18 **500,000,000).**

19 **(B) MINIMUM DIRECT EMPLOYMENT**
20 **GENERATION OF AT LEAST ONE THOUSAND FIVE**
21 **HUNDRED (1,500) PERSONS WITHIN THE FIRST**
22 **YEAR OF ITS OPERATION:**

23 ***PROVIDED FINALLY***, THAT THE GOVERNMENT
24 MAY UTILIZE ITS RESOURCES FOR THE GRANT
25 OF INCENTIVES SUCH AS LAND USE, WATER
26 APPROPRIATION, POWER PROVISION, AND
27 OTHER SIMILAR RESOURCES.

28 **SEC. 296. *ADDITIONS AND AMENDMENTS TO THE***
29 ***SIPP AND SUSPENSION OF ACTIVITIES THEREOF.*** –
30 **SUBJECT TO PUBLICATION REQUIREMENTS AND**
31 **THE CRITERIA FOR INVESTMENT PRIORITY**
32 **DETERMINATION, THE BOI MAY, AT ANY TIME,**
33 **INCLUDE ADDITIONAL AREAS IN THE PLAN,**
34 **ALTER ANY OF THE TERMS OF THE**

1 **DECLARATION OF AN INVESTMENT AREA, AND**
2 **TEMPORARILY OR PERMANENTLY SUSPEND**
3 **ACTIVITIES ON THE PLAN IF IT CONSIDERS THAT**
4 **SUCH ACTIVITY IS NO LONGER A PRIORITY. THE**
5 **IPAS SHALL NOT ACCEPT APPLICATIONS IN AN**
6 **AREA OF INVESTMENT PRIOR TO THE APPROVAL**
7 **OF THE SAME AS A PREFERRED AREA OR AFTER**
8 **APPROVAL OF ITS DELETION AS A PREFERRED**
9 **AREA OF INVESTMENT IN THE PLAN.**

10 **SEC. 297. PUBLICATION OF THE SIPP AND**
11 **AMENDMENTS THERETO. – UPON APPROVAL OF**
12 **THE PLAN, IN WHOLE OR IN PART, OR UPON**
13 **APPROVAL OF AN AMENDMENT THEREOF, THE**
14 **PLAN OR THE AMENDMENT, SPECIFYING AND**
15 **DECLARING THE AREAS OF INVESTMENTS SHALL**
16 **BE PUBLISHED IN AT LEAST ONE (1) NEWSPAPER**
17 **OF GENERAL CIRCULATION OR THE OFFICIAL**
18 **GAZETTE AND ALL SUCH AREAS SHALL BE OPEN**
19 **FOR APPLICATION UNTIL PUBLICATION OF AN**
20 **AMENDMENT OR DELETION THEREOF.**

21 **SEC. 298. QUALIFICATIONS OF A REGISTERED**
22 **ENTERPRISE FOR TAX INCENTIVES. – A**
23 **REGISTERED ENTERPRISE MUST SATISFY THE**
24 **FOLLOWING CONDITIONS FOR CONSIDERATION**
25 **IN THE REVIEW AND GRANT OF TAX INCENTIVES:**

26 **(1) IT WILL ENGAGE IN AN ACTIVITY**
27 **INCLUDED IN THE PLAN;**

28 **(2) IF THE APPLICANT IS ENGAGED OR**
29 **PROPOSES TO ENGAGE IN ACTIVITIES OTHER**
30 **THAN THE REGISTERED PROJECTS, IT SHALL**
31 **INSTALL AN ADEQUATE ACCOUNTING SYSTEM**
32 **THAT SHALL IDENTIFY THE INVESTMENTS,**
33 **REVENUES, COSTS AND PROFITS OR LOSSES OF**
34 **EACH REGISTERED PROJECT UNDERTAKEN BY**
35 **THE ENTERPRISE SEPARATELY FROM THE**
36 **AGGREGATE INVESTMENTS, REVENUES, COSTS**

1 AND PROFITS OR LOSSES OF THE WHOLE
2 ENTERPRISE, OR ESTABLISH A SEPARATE
3 CORPORATION FOR EACH REGISTERED PROJECT
4 IF THE IPAS SHOULD SO REQUIRE;

5 (3) IT SHALL SATISFY THE PERFORMANCE
6 TARGETS SET FORTH IN THE SIPP, WHICH SHALL
7 INCLUDE, BUT NOT LIMITED TO, EXPORT SALES,
8 ACTUAL INVESTMENTS, ACTUAL JOB CREATION,
9 INVESTMENTS IN LAGGING REGIONS AS DEFINED
10 IN THE SIPP, INVESTMENT AND EMPLOYMENT IN
11 RESEARCH AND DEVELOPMENT, AND
12 INVESTMENT AND EMPLOYMENT IN
13 INTERMEDIATE PARTS AND COMPONENTS,
14 SUPPLIES, AND RAW MATERIALS, AMONG
15 OTHERS.

16 (4) IT SHALL REGULARLY REPORT AND
17 COMPLY WITH THE REPORTORIAL
18 REQUIREMENTS UNDER REPUBLIC ACT NO. 10708
19 OR THE TIMTA LAW.

20 *PROVIDED*, THAT NON-COMPLIANCE OF THE
21 ABOVE-MENTIONED CONDITIONS SHALL CAUSE
22 THE REVOCATION OF THE TAX INCENTIVES
23 GRANTED AND THE REGISTERED ENTERPRISE
24 SHALL BE LIABLE TO THE PENALTIES UNDER
25 SECTION 301 OF THIS CODE. *PROVIDED FURTHER*,
26 THAT REGISTERED EXPORT ENTERPRISES INSIDE
27 ECONOMIC ZONES AND FREEPORTS MAY AVAIL
28 OF THE TAX AND DUTY FREE IMPORTATION OF
29 CAPITAL EQUIPMENT AND RAW MATERIALS
30 DIRECTLY AND EXCLUSIVELY USED IN THE
31 REGISTERED ACTIVITY INSIDE THE ZONES.

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CHAPTER V

AVAILMENT OF TAX INCENTIVES

SEC. 299. INCOME TAX-BASED INCENTIVES. – ALL REGISTERED ENTERPRISES ARE REQUIRED TO FILE ALL THEIR TAX RETURNS USING THE ELECTRONIC/ONLINE FACILITIES OF THE BUREAU OF INTERNAL REVENUE (BIR). ON AVAILING THE INCOME TAX-BASED INCENTIVES, THE REGISTERED ENTERPRISE SHALL BE REQUIRED TO SECURE A CERTIFICATE OF ENTITLEMENT ISSUED BY THE FIRB AND ATTACH THE SAME TO ITS INCOME TAX RETURN (ITR) OR ANNUAL INFORMATION RETURN (AIR), WHICHEVER IS APPLICABLE. THEREAFTER, THE REGISTERED ENTERPRISE SHALL FILE ITS CLAIM WITH THE BIR FOR VALIDATION.

FAILURE TO SECURE AND ATTACH THE CERTIFICATION TO THE ITR OR AIR, AND/OR FILE THE INCENTIVE AVAILMENT APPLICATION SHALL CAUSE THE FORFEITURE OF THE INCENTIVE FOR THAT TAXABLE PERIOD.

SEC. 300. CUSTOMS DUTY EXEMPTION ON CAPITAL EQUIPMENT. – *IMPORTATION* OF CAPITAL EQUIPMENT, MACHINERY AND SPARE PARTS EXCLUSIVELY USED FOR CAPITAL EQUIPMENT AND MACHINERY INCLUDING CONSIGNMENT THEREOF BY REGISTERED ENTERPRISES MAY BE EXEMPTED TO THE EXTENT OF ONE HUNDRED PERCENT (100%) OF THE CUSTOMS DUTY, PROVIDED THAT THE FOLLOWING CONDITIONS ARE COMPLIED WITH:

(A) THE CAPITAL EQUIPMENT AND/OR SPARE PARTS IS ARE DIRECTLY AND REASONABLY

1 NEEDED AND WILL BE USED EXCLUSIVELY IN
2 AND AS PART OF THE DIRECT COST OF THE
3 REGISTERED ACTIVITY OF THE REGISTERED
4 ENTERPRISE, AND ARE NOT MANUFACTURED
5 DOMESTICALLY IN SUFFICIENT QUANTITY, OF
6 COMPARABLE QUALITY AND AT REASONABLE
7 PRICES. PRIOR APPROVAL OF THE IPA MAY BE
8 SECURED FOR THE PART TIME UTILIZATION OF
9 SAID EQUIPMENT IN A NON-REGISTERED
10 ACTIVITY TO MAXIMIZE USAGE THEREOF,
11 PROVIDED THE PROPORTIONATE TAXES AND
12 DUTIES ARE PAID ON A SPECIFIC EQUIPMENT
13 AND MACHINERY IN PROPORTION TO ITS
14 UTILIZATION FOR NON-REGISTERED ACTIVITIES.
15 IN THE EVENT, IT SHALL BE USED FOR NON-
16 REGISTERED ACTIVITY OF THE REGISTERED
17 ENTERPRISE AT ANYTIME WITHIN THE FIRST
18 FIVE (5) YEARS FROM DATE OF IMPORTATION,
19 THE REGISTERED ENTERPRISE SHALL FIRST
20 SEEK PRIOR APPROVAL OF THE AUTHORITY,
21 AND PAY THE TAXES AND CUSTOMS DUTIES
22 THAT WERE NOT PAID UPON ITS IMPORTATION;
23 AND

24 (B) THE APPROVAL OF THE IPA WAS OBTAINED
25 BY THE REGISTERED ENTERPRISE PRIOR TO THE
26 IMPORTATION OF SUCH CAPITAL EQUIPMENT
27 AND/OR SPARE PARTS.

28 APPROVAL OF THE IPA MUST BE SECURED
29 BEFORE ANY SALE, TRANSFER OR DISPOSITION
30 OF THE CAPITAL EQUIPMENT AND/OR SPARE
31 PARTS WHICH WAS GRANTED TAX AND CUSTOMS
32 DUTY EXEMPTION HEREUNDER IS MADE, AND IT
33 SHALL BE ALLOWED ONLY UNDER THE
34 FOLLOWING CIRCUMSTANCES:

35 (1) IF MADE TO ANOTHER ENTERPRISE
36 ENJOYING CUSTOMS DUTY EXEMPTION ON

1 IMPORTED CAPITAL EQUIPMENT AND/OR SPARE
2 PARTS;

3 (2) IF MADE TO ANOTHER ENTERPRISE NOT
4 DUTY EXEMPTION ON IMPORTED CAPITAL
5 EQUIPMENT AND/OR SPARE PARTS, UPON
6 PAYMENT OF ANY TAXES AND DUTIES DUE ON
7 THE NET BOOK VALUE OF THE CAPITAL
8 EQUIPMENT AND/OR SPARE PARTS TO BE SOLD;

9 (3) EXPORTATION OF CAPITAL EQUIPMENT,
10 MACHINERY, SPARE PARTS OR SOURCE
11 DOCUMENTS, OR THOSE REQUIRED FOR
12 POLLUTION ABATEMENT AND CONTROL; OR

13 (4) FOR REASONS OF PROVEN TECHNICAL
14 OBSOLESCENCE.

15 *PROVIDED*, THAT IF THE REGISTERED
16 ENTERPRISE SELLS, TRANSFERS OR DISPOSES
17 THE AFOREMENTIONED IMPORTED ITEMS
18 WITHOUT PRIOR APPROVAL, THE REGISTERED
19 ENTERPRISE AND THE VENDEE, TRANSFEREE, OR
20 ASSIGNEE SHALL BE SOLIDARILY LIABLE TO PAY
21 TWICE THE AMOUNT OF THE DUTY EXEMPTION
22 THAT SHOULD HAVE BEEN PAID DURING ITS
23 IMPORTATION. *PROVIDED FURTHER*, THAT EVEN
24 IF THE SALE, TRANSFER OR DISPOSITION OF THE
25 CAPITAL EQUIPMENT WAS MADE AFTER FIVE (5)
26 YEARS FROM DATE OF IMPORTATION WITH THE
27 APPROVAL OF THE IPA, THE REGISTERED
28 ENTERPRISE IS STILL LIABLE TO PAY THE
29 DUTIES BASED ON THE NET BOOK VALUE OF THE
30 CAPITAL EQUIPMENT IF IT HAS VIOLATED ANY
31 OF ITS REGISTRATION TERMS AND CONDITIONS.

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CHAPTER VI
FINAL PROVISIONS

SEC. 301. *NO DOUBLE REGISTRATION OF ENTERPRISES.* – REGISTERED ENTERPRISES SHALL NOT BE ALLOWED TO REGISTER THEIR ACTIVITIES IN MORE THAN ONE (1) IPA.

SEC. 302. *GOVERNANCE RULES.* – THE DIFFERENT IPAS MAY REQUIRE DOMESTIC REGISTERED ENTERPRISES TO LIST THEIR SHARES OF STOCK IN ANY ACCREDITED STOCK EXCHANGE OR DIRECTLY OFFER A PORTION OF THEIR CAPITAL STOCK TO THE PUBLIC AND/OR THEIR EMPLOYEES WITHIN FIFTEEN (15) YEARS FROM DATE OF REGISTRATION.

SEC. 303. *INVESTMENTS PRIOR TO THE EFFECTIVITY OF THIS ACT.* – EXISTING REGISTERED ACTIVITIES GRANTED THE INCOME TAX HOLIDAY SHALL BE ALLOWED TO CONTINUE WITH THE AVAILMENT OF THE SAID INCENTIVE FOR THE REMAINING PERIOD OF THE ITH OR FOR A PERIOD OF FIVE (5) YEARS ONLY, WHICHEVER COMES FIRST; *PROVIDED* THAT THE TAX INCENTIVE GRANTED TO EXISTING REGISTERED ACTIVITIES SHALL BE ALLOWED TO CONTINUE FOLLOWING THE SCHEDULE STATED HEREIN:

(A) TWO (2) YEARS FOR ACTIVITIES THAT HAVE RECEIVED THE SPECIAL TAX RATE OF 5% OF GROSS INCOME EARNED TAX INCENTIVE FOR MORE THAN TEN (10) YEARS;

1 (B) THREE (3) YEARS FOR ACTIVITIES THAT
2 HAVE RECEIVED THE SPECIAL TAX RATE OF 5%
3 OF GROSS INCOME EARNED INCENTIVE TAX
4 INCENTIVE BETWEEN FIVE (5) AND TEN (10)
5 YEARS;

6 (C) FIVE (5) YEARS FOR ACTIVITIES THAT HAVE
7 RECEIVED THE INCOME TAX HOLIDAY (ITH) OR
8 THE SPECIAL TAX RATE OF 5% OF GROSS
9 INCOME EARNED TAX INCENTIVE BELOW FIVE
10 (5) YEARS. *PROVIDED* THAT THE 5% TAX ON
11 GROSS INCOME EARNED SHALL COMMENCE
12 AFTER THE ITH PERIOD HAS LAPSED ONLY FOR
13 THE REMAINING YEARS WITHIN THE FIVE-YEAR
14 PERIOD.

15 **SEC. 304. *SUSPENSION AND FORFEITURE OF TAX***
16 ***INCENTIVES OF REGISTERED ENTERPRISES,***
17 ***REFUND AND PENALTIES; WAIVER AND***
18 ***CONDONATION.*** – WHEN THERE IS PROBABLE
19 CAUSE TO BELIEVE THAT THE REGISTERED
20 ENTERPRISE HAS VIOLATED ITS REGISTRATION
21 TERMS AND CONDITIONS, THE IPA SHALL
22 RECOMMEND TO THE FIRB THE SUSPENSION OF
23 ITS AVAILMENT OF INCENTIVES, UNTIL PROVEN
24 OTHERWISE.

25 IN CASE OF CANCELLATION OF THE
26 CERTIFICATE OF REGISTRATION GRANTED
27 UNDER THIS ACT, THE BIR, IN COORDINATION
28 WITH THE FIRB, WILL REQUIRE THE PAYMENT OF
29 INCENTIVES ASSESSED TO HAVE BEEN GRANTED
30 TO THE SAID ENTERPRISE FOR ITS REGISTERED
31 ACTIVITY AND IMPOSE CORRESPONDING FINES
32 AND PENALTIES.

33 THE FOREGOING IS WITHOUT PREJUDICE TO
34 THE AUTHORITY OF THE BIR TO CONDUCT

1 **AUDIT AND IMPOSE PENALTIES UNDER THIS**
2 **CODE.**

3 **SEC. 36.** A new Title on Tax and Duty Treatment of Entities Other
4 Than Registered Enterprises is hereby inserted in the NIRC as Title XIII to
5 read:

6 **TITLE XIII**

7 **TAX AND DUTY TREATMENT OF ENTITIES OTHER**
8 **THAN REGISTERED ENTERPRISES**

9 **SEC. 305. TAX AND DUTY TREATMENT OF**
10 **GOVERNMENT-OWNED AND CONTROLLED**
11 **CORPORATIONS. – ALL INTERNAL REVENUE TAX**
12 **AND DUTY OBLIGATIONS OF THE GOVERNMENT-**
13 **OWNED AND CONTROL CORPORATIONS (GOCCS)**
14 **SHALL BE CHARGEABLE TO THE TAX**
15 **EXPENDITURE FUND (TEF) IN THE ANNUAL**
16 **GENERAL APPROPRIATIONS ACT PURSUANT TO**
17 **THE PROVISIONS OF EXECUTIVE ORDER NO. 93, S.**
18 **OF 1986: PROVIDED, HOWEVER, THAT GOCCS**
19 **SHALL BE LIABLE TO ALL LOCAL GOVERNMENT**
20 **IMPOSITIONS.**

21 **FOR THIS PURPOSE, THE FOLLOWING**
22 **PROVISIONS OF LAWS SHALL BE AMENDED OR**
23 **REPEALED IN CONFORMITY WITH THIS SECTION:**

24 **(1) SECTION 18 OF REPUBLIC ACT NO. 7884**
25 **ENTITLED, “AN ACT CREATING THE NATIONAL**
26 **DAIRY AUTHORITY TO ACCELERATE THE**
27 **DEVELOPMENT OF THE DAIRY INDUSTRY IN THE**
28 **PHILIPPINES, PROVIDING FOR A DAIRY**
29 **DEVELOPMENT FUND, AND FOR OTHER**
30 **PURPOSES”;**

31 **(2) SECTION 8 OF REPUBLIC ACT NO. 7903**
32 **ENTITLED, “AN ACT CREATING SPECIAL**
33 **ECONOMIC ZONE AND FREE PORT IN THE CITY**

1 OF ZAMBOANGA FOR THIS PURPOSE THE
2 ZAMBOANGA CITY SPECIAL ECONOMIC ZONE
3 AUTHORITY, APPROPRIATING FUNDS THEREFOR,
4 AND FOR OTHER PURPOSE”;

5 (3) SECTION 12-A OF REPUBLIC ACT NO. 10083
6 ENTITLED, “AN ACT AMENDING REPUBLIC ACT
7 NO. 9490, OTHERWISE KNOWN AS THE AURORA
8 SPECIAL ECONOMIC ZONE ACT OF 2007;”

9 (4) SECTIONS 29, 57, 74, 95 (C) OF REPUBLIC ACT
10 NO. 9593 ENTITLED, “AN ACT DECLARING
11 TOURISM AS ENGINE OF INVESTMENT,
12 EMPLOYMENT, GROWTH AND NATIONAL
13 DEVELOPMENT AND STRENGTHENING THE
14 DEPARTMENT OF TOURISM OR TOURISM ACT OF
15 2009”;

16 (5) SECTION 10 OF PRESIDENTIAL DECREE NO.
17 538 ENTITLED, “CREATING AND ESTABLISHING
18 THE PHIVIDEC INDUSTRIAL AUTHORITY AND
19 MAKING IT A SUBSIDIARY AGENCY OF THE
20 PHILIPPINE VETERANS INVESTMENT
21 DEVELOPMENT CORPORATION DEFINING ITS
22 POWERS, FUNCTIONS AND RESPONSIBILITIES,
23 AND FOR OTHER PURPOSES”;

24 (6) SECTION 16 (A) (B) OF REPUBLIC ACT NO.
25 9497 ENTITLED, “AN ACT CREATING THE CIVIL
26 AVIATION AUTHORITY OF THE PHILIPPINES,
27 AUTHORIZING THE APPROPRIATION OF FUNDS
28 THEREFOR, AND FOR OTHER PURPOSES;”

29 (7) SECTION 8 OF REPUBLIC ACT NO. 7278
30 ENTITLED, “AN ACT AMENDING
31 COMMONWEALTH ACT 111, AS AMENDED BY PD
32 460, ENTITLED “AN ACT TO CREATE A PUBLIC
33 CORPORATION KNOWN AS THE BOYS SCOUTS OF
34 THE PHILIPPINES AND TO DEFINE ITS POWERS
35 AND PURPOSES,” BY STRENGTHENING THE

1 VOLUNTEER AND DEMOCRATIC CHARACTER OF
2 THE BOYS SCOUTS OF THE PHILIPPINES AND FOR
3 OTHER PURPOSES;”

4 (8) SECTION 11 (A), (B), (C), (D) OF REPUBLIC ACT
5 NO. 10073, ENTITLED “AN ACT INSTITUTING THE
6 NEW GIRL SCOUTS OF THE PHILIPPINES
7 CHARTER, PENALIZING VIOLATIONS THEREFOR
8 AND FOR OTHER PURPOSES;”

9 (9) SECTION 14 OF REPUBLIC ACT NO. 7354
10 ENTITLED, “AN ACT CREATING THE PHILIPPINE
11 POSTAL CORPORATION, DEFINING ITS POWERS,
12 FUNCTIONS AND RESPONSIBILITIES, PROVIDING
13 FOR REGULATION OF THE INDUSTRY AND FOR
14 OTHER PURPOSES CONNECTED THEREWITH;”

15 (10) SECTION 8 AND 14 OF PRESIDENTIAL
16 DECREE NO. 269 ENTITLED, “CREATING THE
17 NATIONAL ELECTRIFICATION ADMINISTRATION
18 AS A CORPORATION, PRESCRIBING ITS POWERS
19 AND ACTIVITIES, APPROPRIATING THE
20 NECESSARY FUNDS THEREFORE AND DECLARING
21 A NATIONAL POLICY OBJECTIVE FOR THE TOTAL
22 ELECTRIFICATION OF THE PHILIPPINES ON AN
23 AREA COVERAGE SERVICE BASIS, THE
24 ORGANIZATION, PROMOTION AND
25 DEVELOPMENT OF ELECTRIC COOPERATIVES TO
26 ATTAIN THE SAID OBJECTIVE, PRESCRIBING
27 TERMS AND CONDITIONS FOR THEIR
28 OPERATIONS, THE REPEAL OF RA 6038, AND FOR
29 OTHER PURPOSES;”

30 (11) SECTION 2 AND 19 OF REPUBLIC ACT NO.
31 9679 ENTITLED, “AN ACT AMENDING THE HOME
32 DEVELOPMENT MUTUAL FUND OTHERWISE
33 KNOWN AS THE PAG-IBIG FUND;”

34 (12) SECTION 17 (C) UNDER SECTION 8 OF
35 REPUBLIC ACT NO. 9576 ENTITLED, “INCREASING

1 THE MAXIMUM DEPOSIT INSURANCE COVERAGE,
2 AND STRENGTHENING THE REGULATORY AND
3 ADMINISTRATIVE AUTHORITY AND FINANCIAL
4 CAPABILITY OF PDIC;”

5 (13) SECTION 13 OF REPUBLIC ACT NO. 7820
6 ENTITLED, “AN ACT CREATING THE PARTIDO
7 DEVELOPMENT ADMINISTRATION, DEFINING ITS
8 POWERS AND FUNCTIONS, PROVIDING FUNDS
9 THEREFOR, AND FOR OTHER PURPOSES;”

10 (14) SECTION 5(J) OF REPUBLIC ACT NO. 9510
11 ENTITLED, “AN ACT ESTABLISHING THE CREDIT
12 INFORMATION SYSTEM AND FOR OTHER
13 PURPOSES;”

14 (15) SECTION 13(E) OF PRESIDENTIAL DECREE
15 NO. 857 ENTITLED, “AN ACT PROVIDING FOR THE
16 REORGANIZATION OF PORT ADMINISTRATION
17 AND OPERATION FUNCTIONS IN THE
18 PHILIPPINES, REVISING PD 505 DATED JULY 11,
19 1974, CREATING THE PHILIPPINE PORT
20 AUTHORITY, BY SUBSTITUTION, AND FOR OTHER
21 PURPOSES;”

22 (16) SECTION 19 OF REPUBLIC ACT NO. 6847
23 ENTITLED, “AN ACT CREATING AND
24 ESTABLISHING THE PHILIPPINE SPORTS
25 COMMISSION, DEFINING ITS POWERS,
26 FUNCTIONS, AND RESPONSIBILITIES,
27 APPROPRIATING FUNDS THEREFOR, AND FOR
28 OTHER PURPOSES”;

29 (17) SECTION 8 (A) (B) AND SECTION 13 OF
30 REPUBLIC ACT NO. 6395 ENTITLED, “AN ACT
31 REVISING THE CHARTER OF THE NATIONAL
32 POWER CORPORATION”;

33 (18) SECTION 1 OF REPUBLIC ACT NO. 7291
34 ENTITLED, “AN ACT RESTORING THE TAX AND

1 DUTY INCENTIVES PREVIOUSLY ENJOYED BY
2 THE VETERANS FEDERATION OF THE
3 PHILIPPINES UNDER REPUBLIC ACT NUMBERED
4 TWENTY-SIX HUNDRED AND FORTY”; AND

5 (19) SECTION 21 OF REPUBLIC ACT NO. 7306
6 ENTITLED, “AN ACT PROVIDING FOR THE
7 ESTABLISHMENT OF THE PEOPLE’S TELEVISION
8 NETWORK, INC., DEFINING ITS POWERS AND
9 FUNCTIONS, PROVIDING FOR ITS SOURCES OF
10 FUNDING AND FOR OTHER PURPOSES:”

11 *PROVIDED, FINALLY*, THAT PROVISIONS OF ALL
12 OTHER LAWS NOT OTHERWISE ENUMERATED
13 HEREIN THAT ARE INCONSISTENT WITH THE TAX
14 AND DUTY TREATMENT OF GOCCS UNDER THIS
15 SECTION ARE DEEMED AMENDED OR REPEALED.

16 SEC. 306. *TAX AND DUTY TREATMENT OF*
17 *GRANTEES OF FRANCHISES WITH “IN LIEU OF ALL*
18 *TAXES” CLAUSES.* – IN CONSIDERATION OF THE
19 FRANCHISE AND RIGHTS GRANTED UNDER
20 APPLICABLE LAWS, THE GRANTEE SHALL PAY
21 TO THE PHILIPPINE GOVERNMENT DURING THE
22 LIFE OF ITS FRANCHISE ALL THE APPLICABLE
23 TAXES AND IMPOSITIONS LEVIED UNDER THE
24 NATIONAL INTERNAL REVENUE CODE, AS
25 AMENDED, AND THE LOCAL GOVERNMENT
26 CODE, AS AMENDED, FOR REVENUES EARNED
27 FROM ALL ACTIVITIES: *PROVIDED*, THAT THE
28 SECRETARY OF FINANCE SHALL BE CONSULTED
29 ON ANY CHANGES IN THE TAX AND DUTY
30 TREATMENT OF ANY GRANTEE.

31 FOR THIS PURPOSE, THE FOLLOWING
32 PROVISIONS OF LAWS SHALL BE AMENDED OR
33 REPEALED IN CONFORMITY WITH THIS SECTION:

34 (1) SECTION 13 AND 14 OF PRESIDENTIAL
35 DECREE 1590 ENTITLED “AN ACT GRANTING A
36 NEW FRANCHISE TO PHILIPPINE AIRLINES, INC.

1 TO ESTABLISH, OPERATE AND MAINTAIN AIR
2 TRANSPORT SERVICES IN THE PHILIPPINES AND
3 OTHER COUNTRIES”;

4 (2) SECTION 11 OF REPUBLIC ACT NO. 7151
5 ENTITLED “AN ACT GRANTING CEBU AIR, INC.
6 FRANCHISE TO ESTABLISH, OPERATE AND
7 MAINTAIN TRANSPORT SERVICES FOR THE
8 CARRIAGE OF PASSENGERS, MAIL, GOODS AND
9 PROPERTY BY AIR, BOTH DOMESTIC AND
10 INTERNATIONAL WITH CEBU AS ITS BASE”;

11 (3) SECTION 11 OF REPUBLIC ACT NO. 7583
12 ENTITLED “AN ACT GRANTING ABOITIZ AIR
13 TRANSPORT CORPORATION A FRANCHISE TO
14 ESTABLISH, OPERATE AND MAINTAIN TRANSPORT
15 SERVICES FOR THE CARRIAGE OF GOODS, MAIL
16 AND OTHER PROPERTY BY AIR, BOTH DOMESTIC
17 AND INTERNATIONAL”;

18 (4) SECTION 12 AND 14 OF REPUBLIC ACT NO.
19 7909 ENTITLED “AN ACT GRANTING A FRANCHISE
20 TO PACIFIC AIRWAYS CORPORATION TO
21 ESTABLISH AND MAINTAIN RURAL AIR
22 TRANSPORT SYSTEM AND ALLIED SERVICES IN
23 THE PHILIPPINES”;

24 (5) SECTION 11 AND 15 OF REPUBLIC ACT NO.
25 8339 ENTITLED “AN ACT GRANTING AIR
26 PHILIPPINES CORPORATION (AIR PHILIPPINES) A
27 FRANCHISE TO ESTABLISH, OPERATE AND
28 MAINTAIN DOMESTIC AND INTERNATIONAL AIR
29 TRANSPORT SERVICES”;

30 (6) SECTION 14 OF REPUBLIC ACT NO. 7783
31 ENTITLED “AN ACT GRANTING THE MAJOR
32 TELECOMS, INC., A FRANCHISE TO ESTABLISH,
33 INSTALL, MAINTAIN, LEASE AND OPERATE WIRE
34 AND/OR WIRELESS TELECOMMUNICATIONS
35 SYSTEMS, LINES, CIRCUITS AND STATIONS

1 THROUGHOUT THE PHILIPPINES FOR PUBLIC
2 DOMESTIC AND INTERNATIONAL
3 COMMUNICATIONS, AND FOR OTHER PURPOSES”;

4 (7) SECTION 10 OF REPUBLIC ACT NO 7939
5 ENTITLED “AN ACT GRANTING THE ISLAND
6 COUNTRY TELECOMMUNICATIONS, INC., A
7 FRANCHISE TO ESTABLISH, INSTALL, MAINTAIN,
8 LEASE AND OPERATE WIRE AND/OR WIRELESS
9 TELECOMMUNICATION SYSTEM AND SERVICES,
10 LINES, CIRCUITS AND STATIONS WITHIN AND
11 WITHOUT THE PHILIPPINES, AND FOR OTHER
12 PURPOSES”;

13 (8) SECTION 9 OF REPUBLIC ACT NO. 7961
14 ENTITLED “AN ACT GRANTING TO CRUZ
15 TELEPHONE COMPANY, INC., (CRUZTELCO), A
16 FRANCHISE TO INSTALL, OPERATE AND
17 MAINTAIN A TELECOMMUNICATIONS SYSTEM
18 THROUGHOUT THE PHILIPPINES”;

19 (9) SECTION 8 OF REPUBLIC ACT NO. 7962
20 ENTITLED “AN ACT GRANTING THE PHILIPPINE
21 BROADCASTING CORPORATION A FRANCHISE TO
22 CONSTRUCT, INSTALL, OPERATE AND MAINTAIN
23 RADIO AND TELEVISION BROADCASTING
24 STATIONS WITHIN THE PHILIPPINES, AND FOR
25 OTHER PURPOSES”;

26 (10) SECTION 8 OF REPUBLIC ACT NO. 7963
27 ENTITLED “AN ACT GRANTING THE CEBU
28 BROADCASTING COMPANY A FRANCHISE TO
29 CONSTRUCT, INSTALL, OPERATE AND MAINTAIN
30 RADIO AND TELEVISION BROADCASTING
31 STATIONS WITHIN THE PHILIPPINES AND FOR
32 OTHER PURPOSES”;

33 (11) SECTION 8 OF REPUBLIC ACT NO. 7966
34 ENTITLED “AN ACT GRANTING THE ABS-CBN
35 BROADCASTING CORPORATION A FRANCHISE TO

1 **CONSTRUCT, INSTALL, OPERATE AND MAINTAIN**
2 **TELEVISION AND RADIO BROADCASTING**
3 **STATIONS IN THE PHILIPPINES AND FOR OTHER**
4 **PURPOSES”;**

5 **(12) SECTION 8 OF REPUBLIC ACT NO. 7967**
6 **ENTITLES “AN ACT GRANTING THE PACIFIC**
7 **BROADCASTING SYSTEM, INC. A FRANCHISE TO**
8 **CONSTRUCT, INSTALL, OPERATE AND MAINTAIN**
9 **RADIO AND TELEVISION BROADCASTING**
10 **STATIONS WITHIN THE PHILIPPINES AND FOR**
11 **OTHER PURPOSES”;**

12 **(13) SECTION 8 OF REPUBLIC ACT NO. 7969**
13 **ENTITLED “AN ACT GRANTING THE CENTRAL**
14 **CATV, INC. A FRANCHISE TO ESTABLISH,**
15 **MAINTAIN AND OPERATE FOR COMMERCIAL**
16 **PURPOSES CABLE/COMMUNITY ANTENNAE**
17 **TELEVISION SYSTEMS IN THE PHILIPPINES”;**

18 **(14) SECTION 13 OF REPUBLIC ACT NO. 8004**
19 **ENTITLED “AN ACT GRANTING TO MILLENNIA**
20 **TELECOMMUNICATIONS CORPORATION A**
21 **FRANCHISE TO INSTALL, OPERATE AND**
22 **MAINTAIN TELECOMMUNICATION SERVICES**
23 **WITHIN THE PHILIPPINES AND INTERNATIONAL**
24 **POINTS, AND FOR OTHER PURPOSES”;**

25 **(15) SECTION 9 OF REPUBLIC ACT NO. 10900**
26 **ENTITLED “AN ACT EXTENDING FOR ANOTHER**
27 **TWENTY-FIVE (25) YEARS THE FRANCHISE**
28 **GRANTED TO BELL TELECOMMUNICATION**
29 **PHILIPPINES, INC., AMENDING FOR THE PURPOSE**
30 **REPUBLIC ACT NO. 7692, ENTITLED “AN ACT**
31 **GRANTING BELL TELECOMMUNICATION**
32 **PHILIPPINES, INC., A FRANCHISE TO INSTALL,**
33 **OPERATE, AND MAINTAIN**
34 **TELECOMMUNICATIONS SYSTEMS THROUGHOUT**
35 **THE PHILIPPINES AND FOR OTHER PURPOSES”;**

1 (16) SECTION 3 OF REPUBLIC ACT NO. 7859
2 ENTITLED "AN ACT AMENDING SECTION ONE OF
3 THE FRANCHISE OF WORLDWIDE
4 COMMUNICATIONS, INC., GRANTED UNDER
5 REPUBLIC ACT NO. FIVE THOUSAND THREE
6 HUNDRED TWENTY-ONE AND EXTENDING IT FOR
7 ANOTHER TWENTY-FIVE (25) YEARS, AND FOR
8 OTHER PURPOSES";

9 (17) SECTION 8 OF REPUBLIC ACT NO. 8060
10 ENTITLED "AN ACT GRANTING PALAWAN
11 BROADCASTING CORPORATION A FRANCHISE TO
12 INSTALL, CONSTRUCT, OPERATE AND MAINTAIN
13 COMMERCIAL RADIO AND TELEVISION
14 BROADCASTING STATIONS THROUGHOUT THE
15 PHILIPPINES";

16 (18) SECTION 8 OF REPUBLIC ACT NO. 8063
17 ENTITLED "AN ACT GRANTING THE BEACON
18 COMMUNICATIONS SYSTEMS, INC., A FRANCHISE
19 TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE
20 AND MAINTAIN COMMERCIAL RADIO STATIONS
21 IN THE PHILIPPINES";

22 (19) SECTION 9 OF REPUBLIC ACT NO. 8065
23 ENTITLED "AN ACT GRANTING THE ISLA
24 CELLULAR COMMUNICATIONS, INC., A
25 FRANCHISE TO CONSTRUCT, MAINTAIN,
26 ESTABLISH, OPERATE COMMERCIAL MOBILE
27 AND FIXED WIRELESS TELECOMMUNICATIONS
28 SYSTEM IN THE PHILIPPINES";

29 (20) SECTION 9 REPUBLIC ACT NO. 8066
30 ENTITLED "AN ACT GRANTING THE ISLA PAGING
31 COMPANY, A FRANCHISE TO CONSTRUCT,
32 MAINTAIN, ESTABLISH, AND OPERATE
33 COMMERCIAL RADIO PAGING SERVICES IN THE
34 PHILIPPINES";

1 (21) SECTION 8 OF REPUBLIC ACT NO. 8067
2 ENTITLED "AN ACT GRANTING THE RADIO
3 GUBAT NETWORK, INC., A FRANCHISE TO
4 CONSTRUCT, INSTALL, OPERATE AND MAINTAIN
5 RADIO BROADCASTING STATIONS IN THE BICOL
6 REGION";

7 (22) SECTION 8 OF REPUBLIC ACT NO. 8068
8 ENTITLED "AN ACT GRANTING A FRANCHISE TO
9 AGUSAN COMMUNICATIONS FOUNDATION, INC.,
10 TO CONSTRUCT, OPERATE AND MAINTAIN
11 STATIONS FOR RADIO AND TELEVISION IN THE
12 PROVINCE OF AGUSAN DEL SUR AND FOR OTHER
13 PURPOSES";

14 (23) SECTION 8 OF REPUBLIC ACT NO. 8071
15 ENTITLED "AN ACT GRANTING VISMIN RADIO
16 AND TELEVISION BROADCASTING NETWORK,
17 INCORPORATED A FRANCHISE TO CONSTRUCT,
18 INSTALL, OPERATE AND MAINTAIN FOR
19 COMMERCIAL PURPOSES RADIO AND
20 TELEVISION BROADCASTING STATIONS IN THE
21 VISAYAS AND MINDANAO, AND FOR OTHER
22 PURPOSES";

23 (24) SECTION 8 OF REPUBLIC ACT NO. 8080
24 ENTITLED "AN ACT GRANTING THE ASIAN-
25 PACIFIC BROADCASTING COMPANY, INC., A
26 FRANCHISE TO CONSTRUCT, INSTALL, OPERATE
27 AND MAINTAIN BROADCASTING STATIONS IN
28 THE PHILIPPINES";

29 (25) SECTION 8 OF REPUBLIC ACT NO. 8094
30 ENTITLED "AN ACT GRANTING THE IPIL
31 BROADCASTING NEWS NETWORK, INC. A
32 FRANCHISE TO CONSTRUCT, INSTALL, OPERATE
33 AND MAINTAIN RADIO AND TELEVISION
34 BROADCASTING STATIONS IN ZAMBOANGA DEL
35 SUR AND FOR OTHER PURPOSES";

1 (26) SECTION 10 OF REPUBLIC ACT NO. 8095
2 ENTITLED "AN ACT GRANTING THE ISLATEL
3 CORPORATION A FRANCHISE TO CONSTRUCT,
4 MAINTAIN, ESTABLISH AND OPERATE
5 COMMERCIAL NATIONWIDE AND REGIONAL
6 TRANSMISSION NETWORK AND OTHER
7 TELEPHONE SERVICES IN THE PHILIPPINES";

8 (27) SECTION 8 OF REPUBLIC ACT NO. 8096
9 ENTITLED "AN ACT GRANTING THE ALLIED
10 BROADCASTING CENTER, INCORPORATED A
11 FRANCHISE TO CONSTRUCT, OPERATE AND
12 MAINTAIN STATIONS FOR RADIO IN CEBU CITY
13 AND OTHER AREAS IN THE PHILIPPINES WHERE
14 FREQUENCIES ARE STILL AVAILABLE FOR RADIO
15 BROADCASTING FOR EDUCATIONAL AND
16 CULTURAL, AS WELL AS FOR COMMERCIAL
17 PURPOSES";

18 (28) SECTION 8 OF REPUBLIC ACT NO. 8097
19 ENTITLED "AN ACT GRANTING THE PARTIDO
20 BROADCASTING CORPORATION A FRANCHISE TO
21 CONSTRUCT, INSTALL, ESTABLISH, OPERATE
22 AND MAINTAIN BROADCAST AND CABLE RADIO
23 AND TELEVISION STATIONS IN THE BICOL
24 REGION";

25 (29) SECTION 8 OF REPUBLIC ACT NO. 8098
26 ENTITLED "AN ACT GRANTING BROADCAST
27 ENTERPRISES AND AFFILIATED MEDIA (BEAM),
28 INC., A FRANCHISE TO ESTABLISH, CONSTRUCT,
29 OPERATE AND MAINTAIN COMMERCIAL RADIO
30 AND TELEVISION BROADCAST STATIONS
31 INCLUDING CABLE TELEVISION SYSTEMS IN THE
32 PHILIPPINES";

33 (30) SECTION 8 OF REPUBLIC ACT NO. 8099
34 ENTITLED "AN ACT GRANTING A FRANCHISE TO
35 SAGAY BROADCASTING CORPORATION (SBC) TO
36 CONSTRUCT, OPERATE AND MAINTAIN STATIONS

1 FOR RADIO AND TELEVISION IN THE PHILIPPINES
2 AND FOR OTHER PURPOSES”;

3 (31) SECTION 7 OF REPUBLIC ACT NO. 8102
4 ENTITLED “AN ACT GRANTING THE ULTIMATE
5 ENTERTAINMENT, INC., A FRANCHISE TO
6 CONSTRUCT, INSTALL, MAINTAIN AND OPERATE
7 RADIO BROADCASTING STATIONS WITHIN THE
8 PHILIPPINES”;

9 (32) SECTION 8 OF REPUBLIC ACT NO. 8116
10 ENTITLED, “AN ACT GRANTING THE VIMCONTU
11 BROADCASTING CORPORATION A FRANCHISE TO
12 CONSTRUCT, INSTALL, OPERATE AND MAINTAIN
13 RADIO AND TELEVISION BROADCASTING
14 STATIONS, WITHIN THE PHILIPPINES AND FOR
15 OTHER PURPOSES”;

16 (33) SECTION 8 OF REPUBLIC ACT NO. 8119
17 ENTITLED “AN ACT GRANTING THE GOOD NEWS
18 SORSOGON FOUNDATION, INC., A FRANCHISE TO
19 CONSTRUCT, INSTALL, OPERATE AND MAINTAIN
20 FOR RELIGIOUS, EDUCATIONAL AND
21 COMMERCIAL PURPOSES, RADIO AND
22 TELEVISION BROADCASTING STATIONS WITHIN
23 THE PHILIPPINES AND FOR OTHER PURPOSES”;

24 (34) SECTION 5 OF REPUBLIC ACT NO. 8120
25 ENTITLED “AN ACT GRANTING THE ANDRES
26 BONIFACIO COLLEGE BROADCASTING SYSTEM,
27 INC., A FRANCHISE TO CONSTRUCT, MAINTAIN
28 AND OPERATE RADIO BROADCASTING STATIONS
29 AND STATIONS FOR TELEVISION IN THE ISLAND
30 OF MINDANAO FOR EDUCATIONAL, CULTURAL,
31 AND COMMERCIAL PURPOSES”;

32 (35) SECTION 8 OF REPUBLIC ACT NO. 8121
33 ENTITLED “AN ACT GRANTING THE M.S.
34 NETWORK MANAGEMENT, INC. A FRANCHISE TO
35 CONSTRUCT, INSTALL, OPERATE AND MAINTAIN

1 FOR COMMERCIAL PURPOSES, RADIO
2 BROADCASTING STATIONS IN THE PHILIPPINES
3 AND FOR OTHER PURPOSES”;

4 (36) SECTION 7 OF REPUBLIC ACT NO. 8123
5 ENTITLED “AN ACT GRANTING THE ROYAL
6 BROADCASTING CORPORATION. A FRANCHISE
7 TO CONSTRUCT, OPERATE AND MAINTAIN FOR
8 COMMERCIAL PURPOSES, RADIO AND
9 TELEVISION BROADCASTING STATIONS IN THE
10 PHILIPPINES AND FOR OTHER PURPOSES”;

11 (37) SECTION 8 OF REPUBLIC ACT NO. 8128
12 ENTITLED “AN ACT GRANTING. A FRANCHISE TO
13 THE ORIENTAL MINDORO MANAGEMENT
14 RESOURCES CORPORATION (OMARCO) TO
15 CONSTRUCT, INSTALL, ESTABLISH, OPERATE,
16 MANAGE AND MAINTAIN A NETWORK OF RADIO
17 AND TELEVISION STATIONS ANYWHERE IN THE
18 PHILIPPINES, AND FOR OTHER PURPOSES”;

19 (38) SECTION 8 OF REPUBLIC ACT NO. 8132
20 ENTITLED “AN ACT GRANTING JOSE M. LUISON
21 AND SONS, INC., A FRANCHISE TO CONSTRUCT,
22 INSTALL, OPERATE AND MAINTAIN FOR
23 COMMERCIAL PURPOSES RADIO AND
24 TELEVISION BROADCASTING STATIONS IN THE
25 PHILIPPINES”;

26 (39) SECTION 7 OF REPUBLIC ACT NO. 8144
27 ENTITLED “AN ACT GRANTING THE AZIMUTH
28 BROADCASTING CORPORATION OFFRANCHISE
29 TO CONSTRUCT, OPERATE AND MAINTAIN FOR
30 COMMERCIAL PURPOSES RADIO AND
31 TELEVISION BROADCASTING STATIONS IN THE
32 PHILIPPINES”;

33 (40) SECTION 8 OF REPUBLIC ACT NO. 8145
34 ENTITLED “AN ACT GRANTING THE RADYO
35 PILIPINO CORPORATION AFRANCHISE TO

1 **CONSTRUCT, INSTALL, OPERATE AND MAINTAIN**
2 **COMMERCIAL RADIO AND TELEVISION**
3 **BROADCASTING STATIONS, SATELLITE AND**
4 **CABLE STATIONS IN THE PHILIPPINES”;**

5 **(41) SECTION 14 OF REPUBLIC ACT NO. 8147**
6 **ENTITLED “AN ACT GRANTING THE SOUTHERN**
7 **BROADCASTING NETWORK AFRANCHISE TO**
8 **CONSTRUCT, MAINTAIN, ESTABLISH AND**
9 **OPERATECOMMERCIAL RADIO/TELEVISION**
10 **BROADCASTING STATIONS, IN THE PHILIPPINES”;**

11 **(42) SECTION 8 OF REPUBLIC ACT NO. 8149**
12 **ENTITLED “AN ACT GRANTING THE TAGBILARAN**
13 **BROADCASTING SYSTEM AFRANCHISE TO**
14 **CONSTRUCT, INSTALL, OPERATE AND MAINTAIN**
15 **RADIO AND TELEVISION BROADCASTING**
16 **STATIONS, IN THE VISAYAS REGION, AND FOR**
17 **OTHER PURPOSES”;**

18 **(43) SECTION 8 OF REPUBLIC ACT NO. 8154**
19 **ENTITLED “AN ACT GRANTING PRIME**
20 **BROADCASTING NETWORK, INCORPORATED, A**
21 **FRANCHISE TO CONSTRUCT, OPERATE AND**
22 **MAINTAIN STATIONS FOR RADIO AND**
23 **TELEVISION IN THE PHILIPPINES;”**

24 **(44) SECTION 4 OF REPUBLIC ACT NO. 8158**
25 **ENTITLED “AN ACT EXTENDING THE FRANCHISE**
26 **GRANTED TO JORGE D. BAYONA UNDER**
27 **REPUBLIC ACT NUMBERED FIFTY-SEVEN**
28 **HUNDRED EIGHTY-NINE, ASSIGNING IT IN FAVOR**
29 **OF PBN BROADCASTING NETWORK INC., AND**
30 **RENEWING THE TERM THEREOF FOR ANOTHER**
31 **TWENTY-FIVE (25) YEARS FROM THE DATE OF**
32 **THE EFFECTIVITY OF THIS ACT”;**

33 **(45) SECTION 8 OF REPUBLIC ACT NO. 8169**
34 **ENTITLED “AN ACT GRANTING GV**
35 **BROADCASTING SYSTEM, INC., A FRANCHISE TO**

1 **CONSTRUCT, INSTALL, MAINTAIN AND OPERATE**
2 **FOR COMMERCIAL PURPOSES RADIO**
3 **BROADCASTING STATIONS IN THE ISLAND OF**
4 **LUZON AND FOR OTHER PURPOSES”;**

5 **(46) SECTION 5 OF REPUBLIC ACT NO. 10926**
6 **ENTITLED “AN ACT EXTENDING FOR TWENTY-**
7 **FIVE (25) YEARS THE FRANCHISE GRANTED TO**
8 **SMART COMMUNICATIONS, INC., (FORMERLY**
9 **SMART INFORMATION TECHNOLOGIES, INC.)**
10 **AMENDING FOR THE PURPOSE REPUBLIC ACT**
11 **NO. 7294, ENTITLED, “AN ACT GRANTING SMART**
12 **INFORMATION TECHNOLOGIES INC. (SMART) A**
13 **FRANCHISE TO ESTABLISH, MAINTAIN, LEASE**
14 **AND OPERATE INTEGRATED**
15 **TELECOMMUNICATIONS/COMPUTER/ELECTRONI**
16 **C SERVICES, AND STATIONS THROUGHOUT THE**
17 **PHILIPPINES FOR PUBLIC DOMESTIC AND**
18 **INTERNATIONAL TELECOMMUNICATIONS, AND**
19 **FOR OTHER PURPOSES”;**

20 **(47) SECTION 9 OF REPUBLIC ACT NO. 9511**
21 **ENTITLED “AN ACT GRANTING THE NATIONAL**
22 **GRID CORPORATION OF THE PHILIPPINES A**
23 **FRANCHISE TO ENGAGE IN THE BUSINESS OF**
24 **CONVEYING OR TRANSMITTING ELECTRICITY**
25 **THROUGH HIGH VOLTAGE BACK-BONE SYSTEMS**
26 **OF INTERCONNECTED TRANSMISSION LINES,**
27 **SUBSTATIONS AND RELATED FACILITIES”;**

28 **(48) SECTION 13 OF PRESIDENTIAL DECREE 1869**
29 **– RESTORED PER OFFICE OF THE PRESIDENT**
30 **MEMORANDUM DATED AUGUST 24, 1995**
31 **CONSOLIDATING AND AMENDING PRESIDENTIAL**
32 **DECREE NOS. 1067-A, 1067-B, 1067-C, 1399 AND 1632**
33 **RELATIVE TO THE FRANCHISE AND POWERS OF**
34 **THE PHILIPPINE AMUSEMENT AND GAMING**
35 **CORPORATION (PAGCOR);**

36 **(49) SECTION 9 OF REPUBLIC ACT NO. 7953**
37 **ENTITLED “AN ACT AMENDING RA 6632**

1 ENTITLED, "AN ACT GRANTING THE PHILIPPINE
2 RACING ACT, INC., A FRANCHISE TO OPERATE
3 AND MAINTAIN A RACE TRACK FOR HORSE
4 RACING IN THE PROVINCE OF RIZAL, AND
5 EXTENDING THE SAID FRANCHISE BY 25 YEARS
6 FROM THE EXPIRATION OF THE TERM
7 THEREOF";

8 (50) SECTION 12 OF REPUBLIC ACT NO. 8407
9 ENTITLED "AN ACT AMENDING RA 6631
10 ENTITLED, "AN ACT GRANTING MANILA JOCKEY
11 CLUB, INC., A FRANCHISE TO CONSTRUCT,
12 OPERATE AND MAINTAIN A RACE TRACK FOR
13 HORSE RACING IN THE CITY OF MANILA OR ANY
14 PLACE WITHIN THE PROVINCES OF BULACAN,
15 CAVITE OR RIZAL AND EXTENDING THE SAID
16 FRANCHISE BY 25 YEARS FROM THE EXPIRATION
17 OF THE TERM THEREOF";

18 (51) SECTION 9 OF REPUBLIC ACT NO. 8298
19 ENTITLED "AN ACT AMENDING REPUBLIC ACT
20 NUMBERED SEVENTY-NINE HUNDRED SEVENTY-
21 EIGHT, ENTITLED, "AN ACT GRANTING THE
22 METRO MANILA TURF CLUB, INC., A FRANCHISE
23 TO CONSTRUCT, OPERATE AND MAINTAIN A
24 RACETRACK FOR HORSE RACING IN THE CITY OF
25 KALOOKAN";

26 (52) SECTION 12 OF REPUBLIC ACT NO. 8446
27 ENTITLED "AN ACT GRANTING THE FIL-ASIA
28 RACING CLUB A FRANCHISE TO CONSTRUCT,
29 OPERATE AND MAINTAIN A RACETRACK FOR
30 HORSE RACING IN RIZAL OR TARLAC, OR
31 PAMPANGA OR BATANGAS OR QUEZON CITY";

32 (53) SECTION 9 OF REPUBLIC ACT NO. 402,
33 OTHERWISE KNOWN AS "AN ACT GRANTING
34 THE CLAVECILLA RADIO SYSTEM A FRANCHISE
35 TO ESTABLISH RADIO STATIONS FOR
36 BROADCASTING, TELECOMMUNICATION, AND
37 TELEVISION, AS AMENDED";

1 (54) SECTION 11 OF REPUBLIC ACT NO. 7633
2 ENTITLED "AN ACT AMENDING CERTAIN
3 SECTIONS OF REPUBLIC ACT NO. 3259, AS
4 AMENDED, ENTITLED "AN ACT GRANTING THE
5 INTERNATIONAL COMMUNICATIONS
6 CORPORATION A FRANCHISE TO ESTABLISH
7 RADIO STATIONS, FOR DOMESTIC
8 TELECOMMUNICATIONS, RADIOPHONE,"
9 EXTENDING THE TERM OF THE FRANCHISE BY
10 TWENTY-FIVE (25) YEARS FROM AUGUST 9, 1996
11 AS PROVIDED IN REPUBLIC ACT NO. 4905, AND
12 FOR OTHER PURPOSES";

13 (55) SECTION 13 OF REPUBLIC ACT NO. 8004
14 ENTITLED "AN ACT GRANTING TO MILLENNIA
15 TELECOMMUNICATIONS CORPORATION A
16 FRANCHISE TO INSTALL, OPERATE AND
17 MAINTAIN TELECOMMUNICATIONS SERVICES
18 WITHIN THE PHILIPPINES AND INTERNATIONAL
19 POINTS, AND FOR OTHER PURPOSES";

20 (56) SECTION 8 OF REPUBLIC ACT NO. 8153
21 ENTITLED "AN ACT GRANTING THE REX
22 ELECTRONICS COMMUNICATIONS SYSTEM, INC.,
23 A FRANCHISE TO CONSTRUCT, OPERATE AND
24 MAINTAIN PUBLIC RADIOTELEPHONE AND
25 RADIOTELEGRAPH STATIONS FOR THE
26 RECEPTION AND TRANSMISSION OF
27 RADIOTELEPHONE AND RADIOTELEGRAPH
28 COMMUNICATIONS WITHIN THE PHILIPPINES";

29 (57) SECTION 10 OF REPUBLIC ACT NO. 10972
30 ENTITLED "AN ACT RENEWING FOR ANOTHER
31 TWENTY-FIVE (25) YEARS THE FRANCHISE
32 GRANTED TO INFOCOM COMMUNICATIONS
33 NETWORK, INC. (PRESENTLY KNOWN AS NOW
34 TELECOM COMPANY, INC.) UNDER REPUBLIC
35 ACT NO. 7301, ENTITLED " AN ACT GRANTING
36 INFOCOM COMMUNICATIONS NETWORK, INC.
37 (ICNI), A FRANCHISE TO CONSTRUCT, ESTABLISH,
38 OPERATE AND MAINTAIN MOBILE RADIO

1 SYSTEMS SUCH AS RADIO, PAGING SYSTEMS,
2 CELLULAR PHONE SYSTEMS, PERSONAL
3 COMMUNICATION NETWORK (PCN), AND
4 TRUNKED RADIO SYSTEMS WITHIN AND
5 WITHOUT THE PHILIPPINES FOR A PERIOD OF
6 TWENTY-FIVE (25) YEARS, AND FOR OTHER
7 PURPOSES”, AS AMENDED BY THE REPUBLIC ACT
8 NO. 7940”;

9 (58) SECTION 8 OF REPUBLIC ACT NO. 7816
10 ENTITLED “AN ACT GRANTING THE MANILA
11 BROADCASTING COMPANY A FRANCHISE TO
12 CONSTRUCT, INSTALL, OPERATE AND MAINTAIN
13 RADIO AND TELEVISION BROADCASTING
14 STATIONS WITHIN THE PHILIPPINES, AND FOR
15 OTHER PURPOSES”;

16 (59) SECTION 8 OF REPUBLIC ACT NO. 8027
17 ENTITLED “AN ACT GRANTING A FRANCHISE TO
18 THE KAISSAR BROADCASTING NETWORK, INC.
19 (KBNI), TO CONSTRUCT, INSTALL, ESTABLISH,
20 OPERATE, MANAGE AND MAINTAIN A NETWORK
21 OF RADIO AND TELEVISION STATIONS
22 ANYWHERE IN THE PHILIPPINES, AND FOR
23 OTHER PURPOSES”;

24 (60) SECTION 8 OF REPUBLIC ACT NO. 8032
25 ENTITLED “AN ACT GRANTING THE PHILIPPINE
26 RADIO CORPORATION A FRANCHISE TO
27 CONSTRUCT, INSTALL, ESTABLISH, OPERATE
28 AND MAINTAIN COMMERCIAL RADIO STATIONS
29 IN THE PHILIPPINES”; AND

30 (61) SECTION 8 OF REPUBLIC ACT NO. 8122
31 ENTITLED “AN ACT GRANTING THE SWARA SUG
32 MEDIA CORPORATION OF THE PHILIPPINES A
33 FRANCHISE TO CONSTRUCT, INSTALL, OPERATE
34 AND MAINTAIN FOR COMMERCIAL PURPOSES
35 RADIO AND TELEVISION BROADCASTING
36 STATIONS IN THE PHILIPPINES AND FOR OTHER
37 PURPOSES”.

1 **PROVIDED, FINALLY, THAT PROVISIONS OF ALL**
2 **OTHER LAWS NOT OTHERWISE ENUMERATED**
3 **HEREIN THAT ARE INCONSISTENT WITH THE TAX**
4 **AND DUTY TREATMENT OF GRANTEES OF**
5 **FRANCHISES WITH “IN LIEU OF ALL TAXES”**
6 **CLAUSES UNDER THIS SECTION ARE DEEMED**
7 **AMENDED OR REPEALED.**

8 **SEC. 37.** Title XII, entitled “Oversight Committee,” of the NIRC is
9 hereby renumbered as Title XIV and amended as follows:

10 SEC. [290] **307.** *Congressional Oversight Committee.* – xxx

11 **SEC. 38. Repealing Clause.** – (A) The following provisions, insofar as
12 they provide for tax and duty incentives, are hereby repealed:

13 (1) Section 5 of Republic Act No. (R.A.) 9379, or “An Act
14 Defining Handline Fishing, Providing Effective Regulations
15 Therefor And For Other Purposes”;

16 (2) Section 16, The Last Sentence Thereof, of R.A. 10601,
17 or “An Act Promoting Agricultural And Fisheries
18 Mechanization Development In The Country”;

19 (3) Section 32 of R.A. 10654, or “An Act To Prevent,
20 Deter And Eliminate Illegal, Unreported And Unregulated
21 Fishing, Amending Republic Act No. 8550, Otherwise
22 Known As The Philippine Fisheries Code Of 1998, And For
23 Other Purposes”;

24 (4) Section 14 (B) of R.A. 7308, or “The Seed Industry
25 Development Act Of 1992”;

26 (5) Section 18, 2nd and 3rd Paragraph Thereof, of R.A.
27 7884, or “An Act Creating The National Dairy Authority To
28 Accelerate The Development Of The Dairy Industry In The
29 Philippines, Providing For A Dairy Development Fund, And
30 For Other Purposes”;

31 (6) Section 9 (E), (F), (I), and (J) of R.A. 7900, or “An Act
32 To Promote The Production, Processing, Marketing, And

1 Distribution Of High Value Crops, Providing Funds
2 Therefor, And For Other Purposes”;

3 (7) Chapter II, Article II, Sec. 35 (B), (C) and (D) of R.A.
4 8550, or “The Philippine Fisheries Code Of 1998”;

5 (8) Section 24 (A) and (F) of R.A. 10068, or “An Act
6 Providing For The Development And Promotion Of Organic
7 Agriculture In The Philippines And For Other Purposes”;

8 (9) Section 37 of R.A. 6848, or "The Charter Of The Al-
9 Amanah Islamic Investment Bank Of The Philippines";

10 (10) Section 17 of Republic Act No. 7906 Entitled, “An Act
11 Providing For The Regulation Of The Organization And
12 Operations Of Thrift Banks, And For Other Purposes;”

13 (11) Section 15 of R.A. 7353, or The “Rural Bank Act Of
14 1992”;

15 (12) Book I, Title III, Article 39 (A), (B), (C), (D), (E), (G),
16 (I), (J), (K), (M) And (N); Title IV, Article 40, Book III
17 Article 59, 60, 61, Book IV Article 69, Book VI, Articles 77,
18 78, And 81 of Executive Order No. 226, Series of 1987, or
19 “The Omnibus Investments Code Of 1987”;

20 (13) Section 1 of R.A. 7918, “An Act Amending Article 39,
21 Title III The Omnibus Investments Code Of 1987, As
22 Amended”;

23 (14) Articles 62, 63, 64, 65, 66, 67 And 69 of R.A. 8756, or
24 “An Act Providing For The Terms, Conditions And Licensing
25 Requirements Of Regional Or Area Headquarters, Regional
26 Operating Headquarters, Regional Warehouses Of
27 Multinational Companies Amending For The Purpose Certain
28 Provisions Of The Omnibus Investment Code Of 1987”;

29 (15) Executive Order No. 22, s. of 2017 Amending E.O.
30 70, s. of 2012, E.O. 528, s. of 2006 and E.O. 313, s. of 2004,
31 Entitled “Reducing The Rates Of Duty On Capital

1 Equipment, Spare Parts And Accessories Imported By BOI-
2 Registered New And Expanding Enterprises”;

3 (16) Section 12 of R.A. 8047, or “An Act Providing For The
4 Development Of The Book Publishing Industry Through The
5 Formulation And Implementation Of A National Book Policy
6 And A National Book Development Plan”;

7 (17) Section 17, In So Far As Tax Exemption and/or VAT
8 Zero Rating On Domestic Merchandise Is Concerned, and
9 Section 18 (A), (B), (C) and (F) of Presidential Decree No.
10 66, Entitled “Creating The Export Processing Zone Authority
11 And Revising Republic Act No. 5490”;

12 (18) Section 4 (E) and (F), In So Far As Tax Exemption
13 and/or VAT Zero Rating On Domestic Merchandise Is
14 Concerned, of R.A. 7903, or The “Zamboanga City Special
15 Economic Zone Act Of 1995”;

16 (19) Section 4 (B) (C), In So Far As Tax Exemption and/or
17 VAT Zero Rating On Domestic Merchandise Is Concerned, of
18 R.A. 7922, or “An Act Establishing A Special Economic
19 Zone And Free Port In The Municipality Of Santa Ana And
20 The Neighboring Islands In The Municipality Of Aparri,
21 Province Of Cagayan Providing Funds Therefor, And For
22 Other Purposes”;

23 (20) Section 4 of R.A. 8748, or “An Act Amending
24 Republic Act No. 7916, Otherwise Known As The Special
25 Economic Zone Act Of 1995”;

26 (21) Sections 23 and 24 of R.A. 7916, or “The Special
27 Economic Zone Act Of 1995”;

28 (22) Sections 12 (B) and (C) and Section 15, second, third,
29 and last paragraph of R.A. 7227, or “An Act Accelerating The
30 Conversion Of Military Reservations Into Other Productive
31 Uses, Creating The Bases Conversion And Development
32 Authority For This Purpose, Providing Funds Therefor And
33 For Other Purposes,” as amended by R.A. 9400;

1 (23) Section 1 of E.O. 619, s. of 2017 Entitled "Creating
2 And Designating Special Economic Zones Pursuant To
3 Republic Act No. 7916, As Amended By Republic Act No.
4 8784, In Relation To Republic Act No. 7227, As Amended
5 By Republic Act No. 9400, Inside The Clark Freeport Zone";

6 (24) Sections 5, 6, 7, 8 And 9 of R.A 9490, or "An Act
7 Establishing The Aurora Special Economic Zone In The
8 Province Of Aurora, Creating For The Purpose The Aurora
9 Special Economic Zone Authority, Appropriating Funds
10 Therefor And For Other Purposes";

11 (25) Sections 3 (E) (F) (H) and 4 of R.A. No. 10083, or "An
12 Act Amending Republic Act No. 9490";

13 (26) Section 4 (F), In So Far As Tax Exemption and/or
14 VAT Zero Rating On Domestic Merchandise and Capital
15 Equipment Are Concerned, and Sections 5, 6 and 10 of R.A.
16 9728, or The "Freeport Area Of Bataan (FAB) Act Of 2009";

17 (27) Sections 12, 21, and 22 of P.D. 87 (Restored By FIRB
18 Resolution 19-87), or The "Oil Exploration And Development
19 Act";

20 (28) P.D. 529 (Restored By FIRB Resolution 19-87),
21 Entitled "Granting To Petroleum Exploration Concessionaires
22 Under The Petroleum Act Of 1949 Exemption From Customs
23 Duty And Compensating Tax On Importations Of Machinery
24 And Equipment, Spare Parts And Materials Required For
25 Their Exploration Operations";

26 (29) Section 16 (A), (B), and (C) and Section 17 (A) to (E)
27 of P.D. 972, or "The Coal Development Act Of 1976";

28 (30) Section 4 (A) of P.D. 1442 (Restored By FIRB
29 Resolution 19-87), or "An Act To Promote The Exploration
30 And Development Of Geothermal Resources";

31 (31) Section 10 (1) to (6) of R.A. 7156, or The "Mini-
32 Hydroelectric Incentive Act";

- 1 (32) Section 9 of R.A. 8479, or The “Downstream Oil
2 Industry Deregulation Act Of 1998”;
- 3 (33) Section 6, Fifth Paragraph of R.A. 9136, or the
4 “Electric Power Industry Reform Act Of 2001”;
- 5 (34) Chapter VII, Section 15 Except (H), Sections 19, 21
6 (A) to (D), and 23 of R.A. 9513, or “An Act Promoting The
7 Development, Utilization And Commercialization Of
8 Renewable Energy Resources And For Other Purposes”;
- 9 (35) Section 6 (A) (B) of R.A. 9367, or “An Act To Direct
10 The Use Of Biofuels, Establishing For This Purpose The
11 Biofuel Program, Appropriating Funds Therefore, And For
12 Other Purposes”;
- 13 (36) Sections 36 (E) and (F) of P.D. 705 Entitled, “Revising
14 P.D. 389, Or The ‘Revised Forestry Code Of The
15 Philippines”;
- 16 (37) Section 45 (b) (1) (c) of R.A. 9003, Entitled “An Act
17 Providing For An Ecological Solid Waste Management
18 Program, Creating The Necessary Institutional Mechanisms
19 And Incentives, Declaring Certain Acts Prohibited And
20 Providing Penalties, Appropriating Funds Therefor And For
21 Other Purposes”;
- 22 (38) The Fiscal Incentives in Section 26 A (1) to (3) of R.A.
23 9275, or The “Philippine Clean Water Act Of 2004”;
- 24 (39) Sections 16 and 17 of R.A. 7844, or The “Export
25 Development Act Of 1994”;
- 26 (40) Section 13 of R.A. 10817, or “An Act Instituting The
27 Philippine Halal Export Development And Promotion
28 Program, Creating For The Purpose The Philippine Halal
29 Export Development And Promotion Board, And For Other
30 Purposes”;
- 31 (41) Section 14 of R.A. 8423, or “An Act Creating The
32 Philippine Institute Of Traditional And Alternative Health

1 Care (PITAHC) To Accelerate The Development Of
2 Traditional And Alternative Health Care In The Philippines,
3 Providing For A Traditional And Alternative Health Care
4 Development Fund And For Other Purposes”;

5 (42) Section 20 (D) (1) to (5) of R.A. 10884, or “An Act
6 Strengthening The Balanced Housing Development Program,
7 Amending For The Purpose Republic Act No. 7279, Or ‘The
8 Urban Development And Housing Act Of 1992”;

9 (43) Section 10 of R.A. 7718, or “An Act Amending Certain
10 Sections Of R.A. 6957, Entitled ‘An Act Authorizing The
11 Financing, Construction, Operation And Maintenance Of
12 Infrastructure Projects By The Private Sector, And For Other
13 Purposes”;

14 (44) Section 6 (C) (D) (F) and Sections 7 and 8 of R.A.
15 7103, or “An Act To Strengthen The Iron And Steel Industry
16 And Promote Philippine Industrialization And For Other
17 Purposes”;

18 (45) Section 3 (A) to (D) and (H) of R.A. 8502, or “The
19 Jewelry Industry Development Act Of 1998”;

20 (46) Section 5 (A) (B) of R.A. 10771, or “An Act Promoting
21 The Creation Of Green Jobs, Granting Incentives And
22 Appropriating Funds Therefor”;

23 (47) Section 7-B (h) (10) of R.A. 6977 or the “Magna Carta
24 for Micro, Small and Medium Enterprises (MSMEs),” as
25 amended by R.A. 9501;

26 (48) Section 7 of R.A. 9178, or “An Act To Promote The
27 Establishment Of Barangay Micro Business Enterprises
28 (BMBES), Providing Incentives And Benefits Therefor, And
29 For Other Purposes”;

30 (49) Chapter XV, Section 83; Chapter XVI, Sections 90, 91,
31 92, 93 of R.A. 7942, or The “Philippine Mining Act Of
32 1995”;

- 1 (50) Chapter II, Section 4 and Chapter VIII, Section 19 of
2 R.A. 9295, or The “Domestic Shipping Development Act Of
3 2004”;
- 4 (51) Section 6 of R.A. 7471, As Amended, or The
5 “Philippine Overseas Shipping Development Act”;
- 6 (52) Subchapter V-A, Sections 86, 88, And 95 (A) and (B)
7 of R.A. 9593, or The “Tourism Act Of 2009”;
- 8 (53) Section 8, Second and Third Paragraphs Thereof, of
9 R.A. 10816, or “An Act Providing For The Development And
10 Promotion Of Farm Tourism In The Philippines”;
- 11 (54) Sections 8 and 9, In So Far As Tax Exemption and
12 VAT Zero Rating of Domestic Merchandise, of P.D. 538
13 Entitled, “Creating And Establishing The Phividec Industrial
14 Authority And Making It A Subsidiary Agency Of The
15 Philippine Veterans Development Corporation, Defining Its
16 Powers, Functions And Responsibilities, And For Other
17 Purposes”, as amended by P.D. No. 1491;
- 18 (55) Section 1 (1.1) of E.O. 97-A s. of 1993 Entitled,
19 “Further Clarifying The Tax And Duty-Free Privilege Within
20 The Subic Special Economic And Free Port Zone”;
- 21 (56) Section 4(F) and Section 5(C)(K), In So Far As Tax
22 Exemption and/or VAT Zero Rating on Domestic
23 Merchandise Is Concerned, and Section 12-B of Republic Act
24 No. 10083 Entitled, “An Act Amending Republic Act No.
25 9490, Or ‘The Aurora Special Economic Zone Act Of 2007”;
- 26 (57) Section 5 (5.1) and (5.2) of E.O. 290 Entitled,
27 “Implementing The Natural Gas Vehicle Program For Public
28 Transport”;
- 29 (58) Sections 18 and 20 of R.A. 6847 Entitled, “An Act
30 Creating And Establishing The Philippine Sports
31 Commission, Defining Its Powers, Functions, And
32 Responsibilities, Appropriating Funds Therefor, And For
33 Other Purposes”;

1 (59) Section 10 of P.D. 1174, Amending P.D. 972, or The
2 "Coal Development Act Of 1976";

3 (60) Section 23 of R.A. 7925, or "An Act To Promote And
4 Govern The Development Of Philippine Telecommunications
5 And Delivery Of Public Telecommunications Services";

6 (61) Section 42 (C) of R.A. 7277, or "An Act Providing For
7 The Rehabilitation, Self-Development And Self-Reliance Of
8 Disabled Persons And Their Integration Into The Mainstream
9 Society And For Other Purposes";

10 (B) Section 22 of R.A. 9337 is hereby repealed in relation to the
11 amendment of Section 119 of the NIRC as provided for in this Act.

12 (C) The provisions on Investment Priority Plan (IPP) under Chapter I,
13 Article 26 and Chapter II of E.O. 226 s. of 1987, or the "Omnibus
14 Investments Code of 1987," are hereby repealed.

15 (D) All other laws, decrees, executive orders, rules and regulations, or
16 parts thereof which are contrary to or inconsistent with this Act.

17 **SEC. 39.** *Separability Clause.* – If any clause, sentence, paragraph, or
18 part of this Code shall be adjudged by any Court of competent jurisdiction
19 to be invalid, such judgment shall not affect, impair, or invalidate the
20 remainder of said Code, but shall be confined in its operation to the clause,
21 sentence, paragraph, or part thereof directly involved in the controversy.

22 **SEC. 40.** *Implementing Rules and Regulations.* – Within thirty (30)
23 days from the effectivity of this Act, the Secretary of Finance shall, upon
24 the recommendation of the Commissioner of Internal Revenue and
25 consultations with the Department of Trade and Industry, promulgate the
26 necessary rules and regulations for its effective implementation.

27 **SEC. 41.** *Effectivity.* – This Act shall take effect on January 1, 2019 or
28 fifteen (15) days following its publication in the *Official Gazette* or in a
29 newspaper of general circulation, whichever is earlier.

Approved,